

The Financial Value of God's Law

Part One: Property Laws

by Craig R. Dumont, Sr.

“Open my eyes, that I may see wondrous things from Your law.” Psalm 119:18

“Oh, how I love Your law! It is my meditation all the day.” Psalm 119:97

Psalm 119 has long been a favorite of mine and the older I get the more I understand the writer's infatuation with God's law. As God's grace has allowed me to mature in Christ, it seems as though every day a new revelation of “wonderous things” from God's law crystallizes and is manifested in such a way as to glorify God and embolden His people. In the midst of what many call a “post-modern” crisis in which we're told that there is no objective truth and everyone is free to make up their own “reality,” the goodness, grace, mercy and power of God and His eternal law becomes ever more conspicuous and irrefutable.

“Wondrous things from [God's] law” are so bright and glorious as to almost blind a person who sets his eyes upon the wealth of meticulously researched and painstakingly documented books that have unwittingly (and perhaps even unwillingly) declared that God is true and every rebellious way of man a lie. I couldn't move away from this realization as I recently read through two highly publicized and controversial books, **The Mystery of Capital: Why Capitalism Triumphs in The West And Fails Everywhere Else** by Hernando De Soto and **The Case For Marriage: Why Married People Are Happier, Healthier, And Better Off Financially** by Linda J. Waite and Maggie Gallagher. Both books, covering different topics with completely different goals, highlight the fact that if God's laws are adhered to incredible financial benefits follow. In other words, there is a statistically measurable and unmistakably significant financial value inherent in God's law that lifts people out of poverty and despair and allows them to establish and expand their wealth, whether it's on a national scale, as De Soto proves, or at the individual level as established by Waite and Gallagher.

De Soto is the President of the Institute for Liberty and Democracy in Peru and is one of the world's foremost economic thinkers. His book, **The Mystery of Capital**, while not extremely long (258 pages, including the appendix), is breathtaking in the sheer quantity and quality of research that was undertaken and then brilliantly interpreted through the author's analytical insights.

Before I get into the *specific* laws of God that *directly* produce wealth, let me mention a vital component of capital creation that De Soto identifies but fails to trace to its source; it is an aspect of the Christian faith that has made direct application of law exponentially more profitable. While De Soto never speculates regarding the origins of what he comes to understand as indispensable for wealth (i.e. capital) creation, he doesn't shy away from clearly articulating what lies otherwise unnoticed as a requisite for all he spells out: Wealth, specifically in terms of capital formation, is first and foremost the result of the ability to conceptualize!

The genius of the West was to have created a system that *allowed people to grasp with the mind values that human eyes could never see and to manipulate things that hands could never touch*. Centuries ago, scholars speculated that we use the word ‘capital’ (from the Latin for ‘head’) because the head is where we hold the tools with which we create capital . . . [C]apital has always been shrouded in mystery because, like energy, it can be discovered and managed only with the mind (emphasis mine).

Credit the “genius of the West,” or the ability to think conceptually to God’s demand (encoded in law) that His people not create images to worship. As one writer has noted, the exclusion of images and the emphasis upon written law forced the Hebrews to rise above all other people and required conceptual thinking as an act of worship:

The Decalogue, the Second Commandment, prohibits the Israelites from making concrete images of anything. "Thou shalt not make unto thee any graven image, any likeness of any thing that is in heaven above, or that is in the earth beneath, or that is in the water beneath the earth." I wondered then, as so many others have, as to why the God of these people would have included instructions on how they were to symbolize, or not symbolize, their experience. It is a strange injunction to include as part of an ethical system unless its author assumed a connection between forms of human communication and the quality of a culture . . . ***The God of the Jews was to exist in the Word and through the Word, an unprecedented conception requiring the highest order of abstract thinking.*** (Emphasis mine)¹

This is true, and indeed Christians as a regular part of their Faith are used to thinking conceptually in terms of The Trinity, Christ’s two natures coexisting without confusion, atonement and reconciliation, and in many other areas.² Faith itself brings with it both the requirement and ability to raise our level of thinking for faith is “the substance of things hoped for, the evidence of things not seen.” Those things that are conceptualized are then communicated in such a way as to “allow people to grasp with the mind values that human eyes could never see and to manipulate things that hands could never touch.”

For quite some time I have been intrigued with the power of words, both written and spoken, and the incredible significance they hold in our daily life. In *The Death of Literature*, author Alvin Kernan points out that "words are not pale isolated things but magical in their ability to evoke, shape, control things . . . Words work in the world, they make people rich and poor, happy and sad, wise and foolish, and what better proof can there be of their meaningfulness and

¹Neil Postman, *Amusing Ourselves to Death*

²For more on these subjects, see Rushdoony’s *One and the Many* and *The Foundations of Social Order*. Also see the section on Anselm and his thinking on the atonement and reconciliation in Harold J. Berman’s book, *Law and Revolution* (The Legal Implications of the Doctrine of the Atonement; page 179).

power?" Kernan also notes that "words are the foe of reality" because of their ability to lift man above what is simply real into the sphere of what is true. Ruth Anshen, in her introduction to the book *Language and Thought*, goes as far as to state, ". . . words are the ultimate symbols of ideas and that the power of life or death lies in the tongue. The word is power." So powerful are words that Wilhelm von Humboldt, a philosopher of language, stated, "We are human not because we have language but because we are language."

The West, from the rise of Christianity, but especially from the Reformation on, placed a premium upon words and conceptual thinking as opposed to images, and its development was based upon implementing written laws which governed their people and therefore avoided requiring people to bow before an arbitrary leader who symbolized god-man in Eastern thought.³ This led to the formation and formalization of an understandable system of order from which mutual trust could emerge and thrive.

So from the beginning of **The Mystery of Capital**, by uncovering and reporting on the indispensable aspect of conceptual thinking in the creation of wealthy nations, we find God's glory displayed. Thereafter De Soto moves to make sure it's not simply displayed, but unmistakably proclaimed!

Proceeding from this "conceptual order," the foundational evidence that De Soto uncovers is that the West is wealthy because it has developed extremely strong property rights laws, so much so that he states that "If capitalism had a mind, it would be located in the legal property system." One of the amazing statistics that he produces is the fact that "the total value of the real estate held but not legally owned by the poor of the Third World and former communist nations is at least \$9.3 trillion," or "as much as the total value of all the companies listed on the main stock exchanges of the world's twenty most developed countries." However holding, and even controlling property is not sufficient to unlock and unleash potential and create the capital needed to generate wealth! In other words, God is good to all, but because men and nations reject Him the blessings He has placed in front of them has become an area of frustration and stagnation.

The problem is that "without formal [titled] property to extract their economic potential and convert it into a form that can be easily transported and controlled, the assets of developing and former communist countries are like water in a lake high in the Andes—untapped stock of potential energy." Without a doubt, concludes De Soto, these nations must provide legal titles to the people who are controlling the property in the extralegal system that has come to dominate all these economies.

Although many economists, philosophers and politicians look to ground property rights in many different areas (or use those same areas to deny that property rights even exist) God's word

³For more on how Eastern thought and religious beliefs trapped people in stagnation and poverty, see *The Wealth and Poverty of Nations* by David S. Landes. His section on China concerning time and clocks is especially fascinating.

alone is the unchanging and authoritative source of law which demands the recognition of private property rights and their protection. For example, “natural law” varies from person-to-person and what is seen as “natural” to one is viewed as abnormal to another. Those looking to ground property rights in the authority of civil government find themselves sitting atop constantly shifting sand as political theory changes almost from election-to-election (or from coup-to-coup).

God’s declaration that man is entitled by His law, a law which transcends all man-made laws, arguments and philosophy’s, to own private property is highlighted by at least two of the Ten Commandments; the Eighth which says, "You shall not steal," and the Tenth which strikes at the heart of the entire matter, "You shall not covet your neighbor’s wife; and you shall not desire your neighbor’s house, his field, his male servant, his female servant, his ox, his donkey, or anything that is your neighbor’s." In addition to these two direct commands, God’s law is further clarified when even as He commands “you shall not steal,” He fleshes that command out, in terms of private property, by stating in Deuteronomy 19:14:

You shall not remove your neighbor’s landmark, which the men of old have set, in your inheritance which you will inherit in the land that the Lord your God is giving you to possess.

It is reiterated and underscored in Deuteronomy 27:17, Proverbs 22:28; 23:10; and Job 24:2. We further see God’s sovereign rule over property in the case of King Ahab, his evil wife, Jezebel and Naboth, a man who owned a vineyard. While King Ahab and Jezebel schemed to illegally deprive Naboth of not only his property, but also his life, God cursed the King and his wife. Fiat law springing from political expediency or theory cannot trump God’s eternal laws. The king is under the law and the political realm, or the arena of civil government ministry, exists solely to enforce God’s stated law and His law alone.

De Soto, through extensive research, establishes that a strong adherence to property rights not only protects a person’s home, but is a catalyst to further capital generation. While the author never connects this with Biblical law, the Christian clearly comes to an understanding that God graciously gives man the tools, “the ability to gain wealth,” by establishing the right to own and make decisions concerning property (That God can and does also grant wealth any other way He desires is readily acknowledged). Unraveling the “mystery of capital,” De Soto finds, requires submission to God’s law dealing with property.

However when the De Soto talks about “the legal property system” he is referring to far more than just the right of people to legally own property, as vital as that is. Indeed, protecting property is important, but it isn’t even close to sufficing. What is required is that “both the security of ownership and that of transactions” must be present if a nation and its people is to prosper. This is true in the West, with an emphasis upon the *security of the transaction*. “Security is principally focused on producing trust in transactions so that people can more easily make their assets lead a parallel life as capital. In most developing countries, by contrast, the law and the official agencies are trapped by early colonial and Roman law, which tilt toward protecting ownership. They have become custodians of the wishes of the dead.”

What De Soto means is this: Times change and so do circumstances. Legally maintaining an artificially sustained status quo means being trapped in the past and ensures underdevelopment, neglect and poverty. What serves as farmland today may be much more valuable as a subdivision tomorrow. A person must be able to divest himself of his property if he is to extract the most value from it and turn it into an asset that generates capital.

Property ownership is a crucial element of wealth creation, but it is not sufficient to simply protect property. Indeed, making property inalienable is counterproductive and leads to poverty. By eliminating the risk of forfeiting property by defaulting on a debt, no creditor will, for example, loan money to start or expand a business. Also, by permanently vesting property ownership with an individual or family, otherwise potential buyers will not waste their imagination in visualizing creative and productive future uses for a property that cannot be legally and completely transferred, or as the author pointedly writes:

. . . what made this [formal property] stake meaningful was that it could be lost. A great part of the potential value of legal property is derived from the possibility of forfeiture. Consequently, a great deal of its power comes from the accountability it creates, from the constraints it imposes, the rules it spawns, and the sanctions it can apply. In allowing people to see the economic and social potential of assets, formal property changed the perception in advanced societies of not only the potential rewards of using assets but also the dangers. Legal property invited commitment.

The lack of legal property thus explains why citizens in developing and former communist nations cannot make profitable contracts with strangers, cannot get credit, insurance, or utilities services: They have no property to lose.

To facilitate the ability to transform property into capital an entire law system must be in place, there must be adequate laws against fraud (enforcement of a system of just weights and measures), deception (You shall not bear false witness) and theft (You shall not steal):

As a result of integration [of many laws], citizens in advanced nations can obtain descriptions of the economic and social qualities of any available asset without having to see the asset itself. They no longer need to travel around the country to visit each and every owner and their neighbors: the formal property system lets them know what assets are available and what opportunities exist to create surplus value. Consequently, an asset's potential has become easier to evaluate and exchange, enhancing the production of capital.

. . . The Western emphasis upon security of transactions allows citizens to move large amounts of assets with very few transactions. How else can we explain that in developing and former communist nations people are still take their pigs to market and trading them one at a time, as they have done for thousands of years, whereas in the West, traders take representations of their rights over pigs to the market? . . . They are able to make deals for huge quantities of pigs with little concern about the security of transactions.

Believe it or not, there must be clear laws that check even covetness!

What are the effective means to *exclude other claimants*? In developing and former communist nations, such questions are difficult to answer. For most goods, there is no place where the answers are reliably fixed. That is why the sale or lease of a house may involve lengthy and cumbersome procedures of approval *involving all the neighbors*. (Emphasis mine)

So rather than being some victimless subjective crime or “personal heart condition,” the coveting (controlling, manipulating—can anyone say ‘zoning boards’?) of neighbors property is not only an objective and tangible situation, but financially destructive as well.

De Soto clearly demonstrates the financial value of being able to do business on the basis of trust—a trust possible because laws exist, and are enforced, that require adequate and accurate representations. Along with government agencies which track and record all the transactions, many private entities undergird and further validate the law by guaranteeing the authenticity of the deals. These include escrow and closings organizations, abstractors, appraisers, title and fidelity insurance firms, mortgage brokers, trust services, title insurance companies (which cover involved parties for specified risks) and private custodians of documents.

Rather than being a drag on the economy, obedience to God’s law liberates man to realize and take full advantage of the assets he has before him. The bottom line on this is that a law-based nation spends its time in more productive ways than investigating in exhaustive detail every transaction. And a nation that accepts and integrates God’s full law system finds itself witnessing an exponential increase in wealth. “The effects of an integrated property process mean that Westerners’ houses no longer merely keep the rain and cold out. Endowed with representational existence, these houses can now lead a parallel life, doing *economic* things they could not have done before. A well-integrated legal property system in essence does two things: First, it tremendously reduces the costs of knowing the economic qualities of assets by representing them in a way that our senses can pick up quickly; and second, it facilitates the capacity to agree on how to use assets to create further production and increase the division of labor. . . The connection between capital and modern money runs through property,” and property must, if a nation hopes to escape “third-world” status, be governed by God’s unfailing law.

Hernando De Soto proves that in when it comes to property, Biblical law is beautiful law which clearly holds “wonderous things” for those who’s eyes have been opened by the Spirit. Biblical frees people from humanistic bondage and compels an obedient people to declare, “Oh, how I love Your law! It is my meditation all the day.”

Next month—Part Two: The Financial Value Of Marriage Laws

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