



# Entrepreneurship, Markets, and Morality

*Concepts, Terms and Topics:*

Profit and Loss, Helping Others and Receipt of Income, Wealth Creation, Greed and Self-Interest, Capitalism, Socialism, Entrepreneurship, Gift-Givers, and Talents

## DAY 1—CLASS DAY



### LOOKING BACK—WEEK 2

Review Homework  
Take Quiz 2



### LOOKING AHEAD—WEEK 3

Critical Thinking Assignment—Essay: Discerning the Honey from the Hemlock  
Let's Discuss—*What Do You Think?*  
Let's Do—The Ultimatum Game: Assumptions, Proposals and Pay-Offs (optional)

## DAY 2

- READ** CSE Part 1 Element 7—Profits direct businesses toward productive...  
**WATCH** Video *Learn Liberty—The Price System* (2:24)  
**READ** CSE Part 1 Element 8—People earn income by providing others with things...  
**Article** Prophets and Profit by Marvin Olasky  
**WATCH** Video *Is Making Money Good or Bad?* (1:55)  
**DO** Workbook Questions 1-9

## DAY 3

- READ** MGG Chapter 5: Isn't Capitalism Based on Greed? pp. 111-119  
**WATCH** Videos *IFWE—Is Capitalism Based on Greed* (3:57)  
(optional)*Atlas Shrugged and the Economics of Exchange*  
**DO** Workbook Questions 10-16

## DAY 4

- READ** MGG Chapter 5: Isn't Capitalism Based on Greed? pp. 119-124  
**WATCH** Video *Milton Friedman and Donahue* (2:24)  
**DO** Workbook Questions 17-21

## DAY 5

- READ** MGG Chapter 5: Isn't Capitalism Based on Greed? pp. 124-133  
**WATCH** Video *Acton Institute—ES: Gift Givers, Talents, and Entrepreneurs* (6:48)  
**DO** Workbook Questions 22-27



*A people...who are possessed of the spirit of commerce, who see and who will pursue their advantages may achieve almost anything.*

—George Washington, letter to Benjamin Harrison, Oct. 10, 1784

*It is a socialist idea that making profits is a vice; I consider the real vice is making losses.*

—Winston Churchill



### LOOKING BACK—WEEK 2

Review Homework

Take Quiz 2



### LOOKING AHEAD—WEEK 3

Introduce Critical Thinking Assignment—Essay: Discerning the Honey from the Hemlock

#### **Let's Discuss**—*What Do You Think?*

How would you respond to someone who claimed that capitalism feeds greed and contributes to a culture that even “extols” greed?

How would you respond to someone who believes that individuals who earn high incomes and have become incredibly rich (like Sam Walton or Bill Gates) must be exploiting others?

**Let's Do**—Ultimatum Game—Assumptions, Proposals and Pay-Offs (optional class activity)



### **CSE Part I: Twelve Key Elements of Economics**

ELEMENT 7—PROFITS DIRECT BUSINESSES TOWARD PRODUCTIVE ACTIVITIES THAT INCREASE THE VALUE OF RESOURCES, WHILE LOSSES DIRECT THEM AWAY FROM WASTEFUL ACTIVITIES THAT REDUCE THE RESOURCE VALUE.

1. When considering what constitutes a profit, an economist considers not only the net income calculation as an accountant would, but the economist also considers the \_\_\_\_\_ of the assets owned by the firm.
2. What must a firm do to earn profits?
3. CSE suggests that “even though business failures are often painful for the investors and employees involved, there is a positive side.” What is the positive side of failure?
4. What is the reward-penalty structure of a market economy?



### **Learn Liberty—The Price System** (2:25)

The prices you pay for goods and services each day in the grocery store or at the gas station probably seem mundane, almost boring. But, from an economic perspective, prices are amazing. As Economist Daniel J. Smith explains, they provide incentives that influence the behavior of producers and consumers. Prices go up. Consumers conserve while producers look for ways to increase production. Prices go down. Consumers buy more while producers look for ways to cut back. Prices move instantly to convey information about the changes in market conditions, preferences, and technology.



## CSE Part I: Twelve Key Elements of Economics

ELEMENT 8—PEOPLE EARN INCOME BY PROVIDING OTHERS WITH THINGS THEY VALUE.

5. In a market economy, how can people earn high incomes?
6. What gives us a strong incentive to acquire skills, develop talents, and cultivate habits that will enable us provide others with valuable goods and services?



### Prophets and Profit by Marvin Olasky

7. What are the two positive lessons suggested by the Greek and Hebrew words translated “profit?”
8. What are the two warnings suggested by the Greek and Hebrew words translated “profit?”
9. Because the Bible conveys a realistic sense of human nature “economic truths known by free-market economists resonate with the biblical view of the world” and give rise to the following ideas regarding biblical realism. Finish each statement:

Biblical realism opposes . . .

Biblical realism suggests . . .

Biblical realism helps us to see . . .



### Is Making Money Good or Bad? (1:55)

Through an interview with T.J. Rodgers, founder of Cypress Semiconductor, the role of the profit motive is brought to life. By “making money,” Rodgers generates substantial wealth for himself, but the benefits are more widespread than Rodgers’ own possessions—jobs are created and customers benefit by obtaining new products.

# Differentiating Self-Interest from Greed

## *Mandeville, Rand, and False Moral Pretenses*



Week 3  
Day 3



### MGG Chapter 5: Isn't Capitalism Based on Greed? pp. 111-119

10. Mandeville's Poem, "The Fable of the Bees," describes humans as little more than bundles of vicious passions all sharing one common motivation. What is motivation?

11. Mandeville's poem, a metaphor for English society, suggests that great wealth is produced by three characteristics. What are they?

12. What is the point of Mandeville's poem—what is he saying regarding an individual's motives and the outcomes of those motives?



13. While it seems obvious that good intentions don't always yield good results, what is the dark side of that same truth?

14. Who is a "patron saint of capitalism," what is the name of his most famous book, and why did he write it?

15. What did Richards come to realize about collectivism and entrepreneurs by reading *Atlas Shrugged*?

16. What did Richards realize about Rand and her view of self-sacrifice?



**IFWE—Is Capitalism Based on Greed?** (3:57)

What is the difference between greed and self-interest? Is a free market economy driven by greed? Jay Richards explores these questions in the following video.



**(Optional) Atlas Shrugged and the Economics of Exchange** (6:27)

John Stossel discusses greed, self-interest, and moral behavior in a free market economy with John Allison, former chairman and CEO of BB&T bank.



### **MGG Chapter 5: Isn't Capitalism Based on Greed?** pp. 119-124

17. Regarding the motives of merchants and others, Adam Smith was a realist. How does Richards describe Smith's view of man?



18. How is "proper self-interest" the basis for the Golden Rule?



19. Why isn't self-interest just looking out for *number one* at everyone else's expense?

20. Why do we need a social order that channels selfishness and self-interest?

21. How would you respond to someone who claims that capitalism feeds greed and contributes to a culture that even “extols” greed?



**Milton Friedman and Donahue** (2:24)

Milton Friedman is a long-term advocate of free markets and critic of idealized government planning. In a 1979 classic interview, Phil Donahue asked Friedman whether he ever had “a moment of doubt about capitalism?” This video provides Friedman’s response. He ends the segment with his own probing question for Donahue: “Where in the world do you find these angels who are going to organize society for us?”





**MGG Chapter 5: Isn't Capitalism Based on Greed?** pp. 124-133

22. When it comes to money, what is the recurring biblical warning?

23. How does capitalism discourage miserliness and encourage enterprise?



24. How is the investment of an entrepreneur an act of trust?



25. What is at the base of a capitalist system?

26. List at least five required virtues an entrepreneur must have and exercise to succeed in a capitalist system.

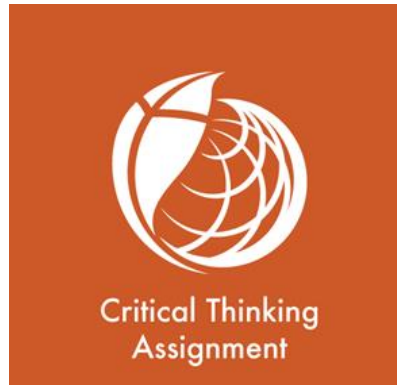


27. If you look around the room in which you are now sitting, you should see scores of objects which are a result of entrepreneurial imagination. What does Richards call these "concrete forms of entrepreneurial imagination"?



**Acton Institute—ES: Gift-Givers, Talents and Entrepreneurs** (6:48)

Each of us is unique and made in the image and likeness of God. Because of this we were born with many talents and gifts, none of which we earned. How should we use these gifts to serve God? This clip from Acton's Effective Stewardship series might help inspire some thought. If the whole world is God's creation, then all our work in His creation is a fruitful use of those gifts. Will you bury your talent in the ground or use it to glorify God in your work?



## Discerning the Honey from the Hemlock

As discussed in the first week of this course, we as Christians, are to be in the world, but not of it. Figuring out *exactly* how to do that may take the better part of a lifetime; however, growing in the ability to discern the honey from the hemlock, determining truth from falsehood, is an important step along the way.

While discerning truth from lies is obviously vital, falsehoods are often skillfully disguised and cleverly masquerade as truth.

Because the study of economics is fundamentally about us, what we choose, what we value, how we interact with each other in the market and how we produce goods and create wealth, we must learn how to apply biblical truth to our understanding of ourselves, (why we do what we do, choose what we choose, and value what we value) to our understanding of basic economic principles (incentives, opportunity costs, trade), as well as to our understanding of economic systems (capitalism, socialism, communism) and how they affect human flourishing.

Some might call this exercise in discernment refining your Christian Worldview. Art Lindsley from the Institute for Faith, Work and Economics describes this as using the Bible "as spectacles to view the world."

The purpose of this assignment is to practice using those spectacles by reading about the life and ideas of Ayn Rand. Rand was an influential intellectual of the twentieth century and her most famous book, *Atlas Shrugged*, sold more copies than any other book in the world, save one, the Bible. Rand was both a virulent atheist and, as Richards states, was "morally obtuse." Her works have appealed to many and contain some truth (honey) worth investigating as well as some hemlock, poisons which if not discerned, could be deadly.

For this assignment, read specific sections (as noted below) for the article *Check Your Premises: Ayn Rand Through a Biblical Lens* by David Kotter, Dean of Theology at Colorado Christian University. While his article is excellent, you will not need to read it in its entirety for this assignment.



First, access the article *Check Your Premises: Ayn Rand Through A Biblical Lens* in this week's CT Assignment tab on our website and read the Forward by Art Lindsley.

Next, read:

- Introduction
- Overview of the Life of Ayn Rand
- Key Contributions of Ayn Rand
- Overview of the Philosophy of Ayn Rand

Finally, write a 5-paragraph essay which includes:

- An introductory paragraph describing the extent of Rand's influence and why her ideas appeal to so many.
  
- The body of the essay should identify three of Rand's four convictions (found in the Overview of the Philosophy of Ayn Rand) that contain both honey and hemlock. What about each conviction is honey; i.e., that which seems good and true? What about each conviction is hemlock; i.e., that which is dangerous, fatal and false? Explain how the falsehoods conflict with a Christian worldview.
  
- A final paragraph offering your conclusion about Ayn Rand and her ideas.

Put on your biblical lenses and get to work!