

# BIBLICAL ECONOMICS TODAY

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## WHEN THE TREASURIES ARE EMPTY

*By Gary North*

In another context, I have referred to the final decades of the twentieth century as the "era of repudiation." I am absolutely convinced that we will see the universal collapse of the socialist and interventionist economies of the non-Soviet world. This does not necessarily guarantee a return to free enterprise after the breakdown. It may well mean the beginning of some new Dark Age, with the total fragmentation of the world economy — the "feudalization of the economy." Or it could mean the advent of a totally communist economy, with planning bureaus literally holding the threat of violence as the ultimate motivating device to force men to work in approved ways. In short, we face fragmentation, or a true "command economy," or some variation of free enterprise, or combinations of all three, such as underground economies competing quietly for resources inside a command economy. But what we will not see is a continuation of the mildly socialistic, piecemeal social engineering of Keynesian interventionism. If Keynesian measures survive the year 2000, then by 2020 they will be gone. The timing is difficult to state precisely, but the figures are already there: the treasuries will be empty (or filled with worthless paper money) within the lifetimes of those now studying Keynesian economics in the universities of the world.

The secular world today is religiously committed to pragmatism. If something "works," meaning survives for over a decade, then it is considered valid until it subsequently fails. The trouble is, some policies take over a century to fail. Witness the collapse of the public education system in England and the United States. Witness the collapse of the so-called Social Gospel. It takes a long, long time to convince pragmatic secularists, who believe in the substitute god of the State, that their god has failed. Even with disintegration all around them, the secularists will not abandon government-financed educational institutions. If anything, they want to increase the monopoly by stamping out all private education, either directly or through licensing and certification. They refuse to learn precisely because they are not neutral observers; they are religiously committed to secular humanism, and they cloak this religious commitment in the language of pragmatism.

What will it take for the scholars, bureaucrats, and politicians to abandon the present system? **Collapse.** Total, un-

mistakable, universal bankruptcy is the price of their education. This is not to say that a majority of present-day Keynesian apologists will actually abandon their present principles. It is to say that they will find it far more difficult to get anyone to listen to them, finance them, or put more of their visibly disastrous programs into effect. In short, in the long run, Keynesians are all dead. They will be forcibly retired from public "service." They will go away muttering to themselves that things would have been all right if politicians, consumers, voters, and speculators had only imposed more Keynesianism. But no one will be listening.

What is far more significant is the attitude of the general public. The average voter knows nothing about economic theory. He is a Keynesian by default. He likes free lunches. He likes all the talk about depressions being impossible today. He likes to live in a world of government-guaranteed security. What he is living in is a world of government slogans. When the treasuries are empty in the various socialist states throughout the world, or the money is worthless, men will no longer be able to rely on government slogans. The calorie content of slogans is remarkably low.

What then? Will he abandon his false slogans for valid principles, like those Prof. Sennholz outlines in the next essay? Will he accept a very basic principle, namely, that no man has the right to confiscate another man's wealth for his own benefit, or the benefit of those whose favor he is courting? You don't need graphs and equations to make a decision concerning the legitimacy of ballot-box plunder. You don't need a course in econometrics to get your hand out of your neighbor's wallet.

An effective course in practical ethics is coming. This "refresher course" will be analogous to the one promised to Israel by the prophets. It will make a strong impression on the minds of the students in question. The trouble is, we cannot be sure about the lesson that the public will learn. Will it be the lesson learned by the British in the mid-1800's, when rising grain prices finally called attention to the fact that quotas on grain imports were hurting the public? Will we see some new pair of Cobdens and Brights coming to the forefront with the message of free trade? Will the conservative, independent clergy support the hoped-for pair the way that they did in the 1840's? Will we see, as they did in

Britain, a one-generation roll-back of the regulatory legislation that had kept the British economy in a straight-jacket? Or will we see the coming of the Age of the Caesars, the man on the white horse, who comes in the name of political order? Will it be a new Napoleon?

This is why serious Christians must get involved in political economy. Political economy will be the battlefield of the early decades of the next century. Political economy will be the arena of confrontation between humanism and orthodoxy. If Christians today succeed in rethinking the crucial questions of the State and its role, then there will be a foundation of Christian ethics which will serve society well. But if the present-day trend of pietism, with its head-in-the-sand, pie-in-the-sky theology, continues to dominate the churches, then there will be no immediate confrontation. The "new, improved humanism" of the would-be Caesars will go without a direct challenge.

My opinion is this: there will be no rethinking of either pietism or Keynesianism until the consequences of both are painfully apparent. There will be no felt need for creating alternatives, both theoretical and practical, until the pragmatism of both pietism and Keynesianism is forever smashed. The pietists are pragmatists, too. They think you can exist equally well as a Christian under any economic system, so it really is not the place of Christians to offer concrete alternatives to any particular economic system. (Marxian Communism is understood as an evil, but not primarily because of its economics; its atheism and persecution are the evils to be removed, with democratic socialism, or free enterprise, or guild socialism, or cosmonomic mysticism as equally acceptable alternatives.) Christianity is seen as something totally separate from specific economic principles, so all economic systems "work" equally well for Christians. This is the ultimate pragmatism: **everything works.**

Both pragmatisms are united on one point: there is no such thing as Christian economics. The **Keynesian pragmatist** insists that there is only good economics or bad economics, but all economics is morally and theologically neutral. What he really means is this: Christian economics is, by definition, flawed because it is revelational and not neutral. Therefore, Christian economics is bad (non-) economics. In contrast, the **pietist pragmatist** insists that there is **no economics at all.** Good economics, bad economics, and in-between economics are all of one piece, namely, irrelevant to spiritual concerns. There is good and bad in all economics, meaning there is no way to determine the good from the bad and reduce the element of evil in bad economic systems. The Bible does not speak to the question of economics, it is argued, so we cannot really be sure what is good or bad in any economic arrangement. In short, everything works, meaning everything fails. The Christian is to be above it all on some higher, spiritual plane.

When the treasuries are empty, the public will get a glimpse of the reality of truly bad economics. At that point, who will offer the public an alternative? Will it be the Marxists? Will it be the anarchists? Will it be the guild socialists? Will it be the Bible-believing covenantal economists? Obviously, it will not be the defeated Keynesians. It will not be the pietists. So who will pick up the pieces? Or more to the point, in your local community, who will pick up the pieces?

My feeling is that in each local community, different people will be influential. Different working arrangements will be discovered. Most of these discoveries will be based on **reaction**: how to avoid the immediately preceding disaster? A sort of trial-and-error process of experimentation will take place in thousands of local regions. I do not believe that any central government can impose its will over every nook and cranny of a nation. There will be **pockets of resistance to socialism** in local communities and inside big cities (fraternal groups, churches, secret societies, etc.). **This is why it is absolutely crucial to train up a small cadre of informed people in each local community.** The world will be crying for leadership, and orthodoxy must provide it. But to be realistic, we have to say that orthodoxy will not immediately step forward with a fully developed, generally agreed-upon alternative to the empty treasuries of Keynesianism. It will be a long, slow process of education.

We know where the leadership will not come from. It will not come from the nation's conservative seminaries. They are normally controlled by administrators who are, at best, committed to pietistic pragmatism. The Calvinist seminaries are headed by men who are in some cases committed to political liberalism ("we must be relevant") and theological conservatism. The Roman Catholic seminaries are so few and far between, and so divided theologically and politically, that no one can guess what will come forth, but one thing looks certain: not many celibate, traditional priests will. The liberal seminaries are a dying lot anyway, and the public will not be interested in baptized Keynesianism by then. (Baptized Marxism may be a problem, however.)

We know that the leadership will not come from the struggling, schizophrenic Christian colleges, with their secular textbooks, their divided faculties, and their pitiful libraries. They will, as always, play follow-the-leader. They will, as always, play it safe. They may, God willing, go bankrupt.

So it is up to local congregations, local Christian day-schools, independent publishing houses, and other local Christian voluntary organizations to create the necessary leadership in each community. A local church which is not systematically training its members to take principled leadership in a time of crisis is little more than a pleasant social club. Social clubs have a place in society, but they are not much good for Christian reconstruction. When times get tough, churches will either change, finally becoming relevant, or die.

# YOU CANNOT GET EVEN

by Hans Sennholz

Government affects individual incomes by virtually every decision it makes. Agricultural programs, veterans' benefits, health and labor and welfare expenditures, housing and community development, federal expenditures on education, social insurance, medicare and medicaid programs, and last but not least, numerous regulations and controls affect the economic conditions of every citizen. In fact, modern government has become a universal transfer agency that utilizes the political process for distributing vast measures of economic income and wealth. It preys on millions of victims in order to allocate valuable goods and services to its beneficiaries. With the latter, transfer programs are so popular that few public officials and politicians dare oppose them.

The motive powers that drive the transfer order are as varied as human design itself. Surely, the true motives are often concealed, and a hollow pretext is pompously placed in the front for show. And yet, man is more accountable for his motives than for anything else. A good motive may exculpate a poor action, but a bad motive vitiates even the finest action. Conscience is merely our own judgment of the right and wrong of our action, and therefore can never be a safe guide unless it is enlightened by a thorough understanding of the implications and consequences of our actions. Without an enlightened conscience we may do evil thoroughly and heartily.

An important spring of action for the transfer society is the desire by most people to *get even* in the redistribution struggle. "I have been victimized in the past by taxation, inflation, regulation, or other devices," so the argument goes, "therefore I am entitled to partake in this particular benefit." Or the time sequence may be reversed: "I'll be victimized later in life," pleads the college student, "and therefore I want state aid and subsidy now."

This argument is probably the most powerful pacifier of conscience. It dulls our perception and discernment of what is evil and makes us slow to shun it. After all, we are merely getting back "what is rightfully our own." With a curious twist of specious deduction the modern welfare state, which continually seizes and redistributes private property by force, is defended by the friends of individual liberty and private property. "Man is entitled to the fruits of his labor," they argue, "we are merely getting back that which is rightfully and morally our own." They borrow the arguments for the private property order to sustain the political transfer order.

Surely getting back that which is rightfully and morally our own is a principle that is rooted in our inalienable right to our lives. It is a property right that springs from our human rights and from the right to life itself. It is the right to restoration of the fruits of our efforts and labors of which we are deprived by deceit, force, or any other immoral practice. It is a specific right to recovery or compensation from those who are wronging us or have injured us in the past.

This right to restoration does not beget the right to commit the very immoral act from which we seek restoration, to imitate others in acting immorally, or to seek revenge against the trespassers or innocent bystanders. But this is precisely what the "get-even" advisors urge us to do.

In an unfortunate automobile accident we are hurt or injured, or our vehicle may be damaged, because of the negligence of

another driver. This gives us the right to demand restoration and compensation from the other party. But it does not give us the right to seize another car parked in the neighborhood, or return to the road and injure another driver. Or, our home is burglarized and we suffer deplorable losses in personal wealth and memorabilia. This does not bestow upon us the right to do likewise to others. But the "get-even" advocates are drawing this very conclusion.

He who is desirous of "getting even" in the politics of redistribution longs to join the army of beneficiaries who are presently preying on their victims. They would like to get their "money back" from whomever they can find and victimize now. Like the victim of a burglary who becomes a burglar himself, they are seraching for other victims. But in contrast to the new burglar who may be aware of the immorality of his actions, the "get-even" advocate openly defends his motives while he is pursuing his political craft.

We cannot get even with those individuals who deprived us of our property in the past. They may have long departed this life or may have fallen among the victims themselves. We cannot get even with them by enlisting in the standing army of redistributors. We merely perpetuate the evil by joining their forces. So, we must stand immune to the temptations of evil, regardless of what others are doing to us. The redistribution must stop with us.

The redistributive society has victimized many millions of people through confiscatory taxation, inflation, and regulation. Government, acting as the political agency for coercive transfer, seized income and wealth from the more productive members and then redistributed the spoils to its beneficiaries. Although many millions of victims and beneficiaries were involved, which often obscures the morality of the issue, the forced transfer took place between certain individuals. It is true, the beneficiaries who used political force to obtain the benefits, cannot easily be recognized in the mass process of transfer. But even if we could identify them, and establish a personal right to restoration, our property has been consumed long ago. A vast army of beneficiaries, together with their legions of government officials and civil servants, consumed or otherwise squandered our substance. There is nothing to retrieve from the beneficiaries who probably are poorer than ever before, having grown weak and dependent on the transfer process.

When seen in this light, the get-even argument is nothing more than a declaration of intention to join the redistribution forces. It may be born from the primitive urge for revenge against government, state or society. But it is individuals who form a government, make a state and constitute a society. By taking revenge against some of them for the injuries suffered from the hands of others, I am merely reinforcing the evil.

Revenge is a common passion that enslaves man's mind and clouds his vision. To the savage it is a noble aspiration that makes him even with his enemies. In a civilized society that is seeking peace and harmony it is a destructive force which law seeks to suppress. But when the law itself becomes an instrument of transfer, the primitive urge for revenge may burst forth as a demand for more redistribution. It becomes a primary force that gives rise to new demands or, at least, reinforces the popular demands for economic transfer. The common passion for

revenge, no matter how well concealed, undoubtedly is an important motive power of social policy that leads a free society to its own destruction.

No wealth in the world and no political distribution of this wealth can purchase the peace and harmony so essential to human existence. Peace and harmony can be found only in moral elevation that reaches into every aspect of human life. A free society is the offspring of morality that guides the actions and policies of its members. To effect a rebirth of such a society is to revive the moral principles that gave it birth in the beginning. It is individual rebirth and rededication to the inexorable principles of morality that are the power and the might. The example of great individuals is useful to lead us on the way, for nothing is more contagious for greatness than the power of a great example.

To spearhead a rebirth of our free society let us rededicate ourselves to a new covenant of prevention, which is a simple restatement of public morality. In the setting of our age of economic redistribution and social conflict it may be stated as follows:

No matter how the transfer state may victimize me,  
I shall seek no transfer payment, or accept any.

I shall seek no government grants, loans or other  
redistributive favors, or accept any.

I shall seek no government orders on behalf of

redistribution, or accept any.

I shall seek no employment, or accept any, in the  
government apparatus of redistribution.

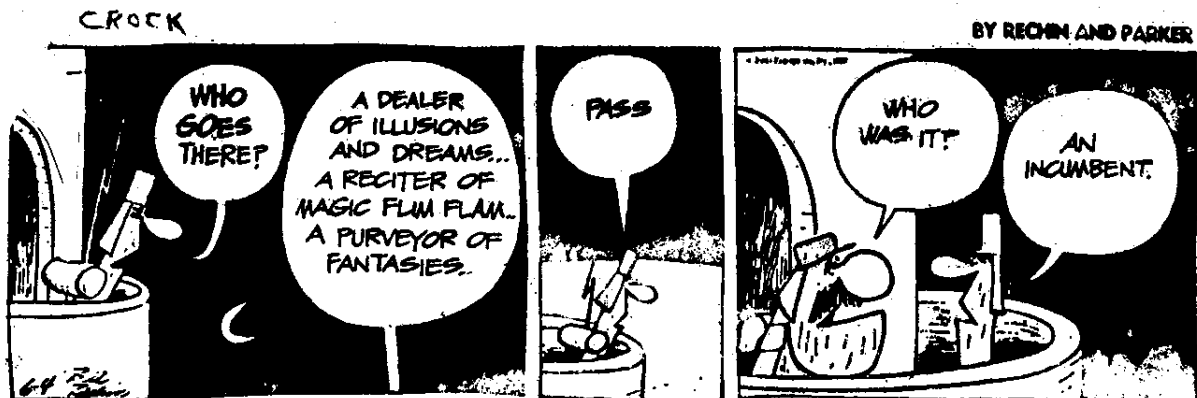
I shall seek no favors, or accept any, from the  
regulatory agencies of government.

I shall seek no protection from tariff barriers or any  
other institutional restrictions of trade and  
commerce.

I shall seek no services from, or lend support to  
collective institutions that are creatures of  
redistribution.

I shall seek no support from, or give support to  
associations that advocate or practice coercion and  
restraint.

We do not know whether our great republic will survive this century. If it can be saved, great men of conviction must lead the way — men who with religious fervor and unbounded courage resist all transfer temptations. The heroes of liberty are no less remarkable for what they suffer than for what they achieve.



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