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## AN ECONOMIC FORECAST FOR THE EIGHTIES A PERSONAL INTERVIEW WITH GARY NORTH

By Dick Leggatt\*

**DL:** In light of the present rate of inflation and the inordinate increase in the cost of living, what kind of economic projections would you make for the next decade? Are you optimistic or pessimistic about our economic future?

**GN:** I think the economic future will be extremely bad in the 1980's with respect to the availability of goods and services, and certainly with respect to the rise of blackmarket selling and the accompanying extremely high prices. There will be continuing shortages in the official, visible economy, the product of price controls and perhaps even rationing. I expect gasoline rationing. I also expect government rationing of other important goods and services by the end of the decade. This could include food rationing and fuel rationing, even housing space.

**DL:** You anticipate an increase in government control of goods and services which will bring about extremely high black-market trade?

**GN:** Yes. Of course the effect of these will cripple people on fixed incomes: They will either have to buy in controlled markets where quantities are limited, or in the black markets where they will have to pay such very high prices that their consumption will be drastically restricted. I would expect that by the end of the 1980's, most pensioners will be squeezed unmercifully by inflation.

**DL:** Can you tell us briefly how you think we got into this mess?

**GN:** It's a very simple, worldwide phenomenon. Governments can raise money by only three methods: direct taxation, voluntary lending on the part of public to the government for bonds and notes, and creation of money. Governments have pushed as hard as they can, politically speaking, in raising money directly through sales taxes, income taxes, property taxes, and Europe's value added taxes, a kind of multiple sales tax. They have extracted all that they can extract by direct taxation.

Next is borrowing, but if they borrow money, it pulls money that would have gone into private investments out of private markets and into the government treasury. This in

turn reduces productivity, because money that would have been used to produce goods and services, and therefore would lower prices, is not used for that. Fewer goods and services are available than there would have been, had the government not intervened and borrowed the money. And of course, fewer goods means higher prices.

Then the third thing government has done is to create fiat money. The government borrows from the central banking system, and the central banking system simply creates the money out of nothing and lends it to government. The government spends it. And that has led to price inflation through more money chasing the same amount of goods, except that because of the government borrowing and taxation, it's going to be chasing fewer goods. The tax policies and the borrowing policies reduce the amount of goods available, and the inflationary policies increase the amount of money available—and so you have rising prices and decreasing availability.

**DL:** In the United States there has been a basically humanistic approach to economic policies and problems. Could you speak briefly to that issue?

**GN:** The issue is ultimately a question of the source of law. When you examine a society, you ask three questions: "What is its concept of God? What is its concept of man? What is its concept of law?" The answers to those three questions will give you a basic understanding of that society. Our society has essentially abandoned the concept of a higher, personal, directing God who intervenes in these times.

Then you ask, "What is our society's concept of man?" The concept of man is evolutionary—that man is evolving to a higher form of life. Increasingly that means that skilled, elite technicians and planners must direct the evolution of man so that he might evolve to a higher form of life.

The third question is the concept of law. Our society's concept of law is also evolutionary—that is, law is completely relative to the evolutionary development of man, and therefore, relative to the temporary standards of the planners who are directing that evolution. Because consistent secular humanists believe in evolution and that somebody has to direct it, they substitute the predestina-

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tion of man for the predestination of God.

So the State is the great predestinating unit today. The only alternative to it in secular terms is the **market**, an impersonal predestinating unit. But in both cases they are not omnipotent or omniscient; they're not sovereign biblically.

**DL: In contrast to that approach to economics, can you give a synopsis of the biblical approach?**

**GN:** In the biblical approach, all sovereignty, all planning capabilities, and ultimately all planning, are lodged in the **plan** of God, which is unchangeable. The second biblical assumption is that man is created in the **Image of God** and therefore is subject to the law of God. Yet he is capable of knowing enough of God's plan to be an adequate administrator of that plan in a subordinate role.

For man to guide himself in that planning capability, he needs the third feature, which is **biblical law**. That is both the restraining factor on him and also his tool of reconstruction. It restrains him in what he **can** do by declaring what he mustn't do. It is basically a negative law system. But positively, man is, as a responsible agent, to subdue the earth through a number of human institutions. However, no one of those institutions is absolutely sovereign, because only God is absolutely sovereign. God limits human sovereignty. It's a subordinate sovereignty. Man's actions are limited through biblical law. Through the combination of man's positive, though limited, sovereignty and the restraint of biblical law, you channel productivity. That basically leads to a concept of man as a responsible agent who is serving other people through productivity. The voluntary market (free market) is an outgrowth of this productivity.

**DL: You're saying that people should begin taking steps right now towards disassociating from government agencies and relying more on local units. That would promote more interdependence and unity in a locality among Christians, wouldn't it?**

**GN:** Yes. It is very interesting that in the production of the book **The Crash of '79** by Paul Erdman, the only people who benefit from the collapse of the world economy are local Christian churches. There's a recognition on the part of the fictitious narrator that the only people who could benefit from the breakdown are those who enjoy the simple life, the communion life.

**DL: As God stresses the need for government, discipline and order in the Body of Christ, do you see that emphasis as commensurate with the economic problems arising at the same time?**

**GN:** Well, you must always have social order. There will always be order because God is orderly and the creation reflects that order. The issue is then "What will be the locus of the social order? Where will the institutions be that will be the preservers of order?" The biblical answer has always been that the locus of social order is primarily local. The answer is to transfer social power back to local institutions which are capable of meeting the needs of the people, and which are not centralized.

Virtually without exception, the concept of **centralized political order** has been basic to paganism from the beginning. The old dynasties of the Chinese states, the Russian states, Babylon, Assyria, Egypt, and Rome were based on the lust for centralized power which is basic to paganism. They wanted the state to replace God. The

Christian doesn't need that, and shouldn't promote it, although too many Christians do.

The concept of automatic annual general assemblies is basically unchristian. If you have an annual general assembly, you're going to have centralized agencies taking over authority where they shouldn't have it. The annual national general assembly of church, of civil government, or anything else, leads to centralization. You should have national government and national agencies solving problems only when those problems cannot be solved at the local level.

If you rely on a national decision, whether it's denominational or political, you will find that with the breakdown and the fragmentation will come a great period of disruption and confusion, because no one will have become reliant upon local institutions. They will have become totally reliant upon the national institutions, and these will no longer be reliable.

**DL: The national is ultimately degenerating any-way.**

**GN:** I think people are beginning to recognize that, but it's only the merest beginning of recognition. They still don't have enough confidence in any other way of handling their problems. The fact that they recognize the breakdown doesn't mean anything until they voluntarily pull away from those institutions, stop taking the checks, stop asking for the favors, stop relying upon those institutions to help them. That has not yet happened. My opinion is that it will not happen until the money is dead—and that is coming. When the dollar is dead, people will receive an expensive, but very effective education.

**DL: We talked earlier about biblical solutions, in contrast to humanistic solutions, to economic crisis and economic planning. Do you think there is still time, if we were to implement those biblical principles, to avoid some of the obvious crises that loom on the horizon?**

**GN:** Well, if you look at Jonah, you would say there's always time. But if you look at Jeremiah, you would say the time isn't there, or that people will not repent in time. I don't believe that Jonah's ministry was normal. It is **possible**, but it is not normal. It is one of the rare positive instances. There are a few other instances in the Scriptures, but not many where that takes place. My opinion is that **theoretically** we have time, but **practically** you cannot assume there is time.

**DL: So essentially God can choose one of two courses: He can either pour out His grace prior to the time to bring people to repentance and avoid the crisis that would come otherwise, or He can pour out His grace after the fact to sustain His people through it.**

**GN:** That's correct. If you look at the message of the prophets, overwhelmingly, the latter approach is more prevalent. The same is true of the testimony of the law, especially in Deuteronomy 28. If you read Isaiah 1 and Deuteronomy 28, the language is very clear: first comes the judgment and then the restoration. To think that God operates normally in any other manner is to ignore the testimony of both the law and the prophets. I don't think people should assume that things are going to get steadily any better.

My assumption is that there will be a breakdown when the monetary unit, which the computers are based on,

begins to falter and die. Computer calculation in economics is based upon the dollar; when the dollar is no longer reliable, the computer calculations will no longer be reliable. At that point you go back to a barter system or to more local supply systems.

The largest problem of the 1980's in my opinion apart from price controls (which are usually pretty predictable), is the question of **nuclear war**. I am increasingly of the opinion that nuclear war is imminent, and that it is the ultimate problem the Christian and the Christian community are going to have to deal with. When that war begins (as I think it will, probably within 48 months), you're going to have to rethink the whole of Western Civilization. And the reality of what Solzhenitsyn is talking about will become apparent to millions and millions of Americans who have never heard of Solzhenitsyn. If it doesn't begin, then the threat of it can be used by the Soviet Union to blackmail the West.

**DL: But for the Body of Christ, for Christians truly following after the Lord in obedience, you see ultimate victory, don't you?**

**GN:** Yes, I do. But I am of the opinion that the victorious ones will be a "remnant returned from Babylon," **not** the bulk of what is now known as the institutional Body of

Christ. I believe the bulk of what is now called the institutional Body of Christ will probably perish, just as Israel did in the Assyrian and Babylonian dispersions. I think we have a generation like those who came out of Egypt. God simply cannot deal with them, and He is going to let them die in the wilderness. The younger ones, the new generation, the remnant, will be the inheritors of the Promised Land. I do not think the present generation is going to see it. I think the present generation is going to pay an enormous price for its faithlessness in every area of life. There is always the possibility of transformation, but it is a slow, difficult, painful process, and I don't think most of us will see the positive results of it in our time.

Of course there could be intervention. There could be some great outpouring of grace which would reverse that analysis, but if you go by what the prophets Isaiah, Jeremiah, and Micah said, you have to believe that only a remnant is going to survive to do the rebuilding. At the same time, however, we should recognize that Isaiah, Jeremiah, and Micah also promised that there would be a rebuilding. We dare not misinterpret their message. They forecast imminent bad times, but only as a means to a more distant goal: biblical reconstruction. He who forgets the message of biblical reconstruction has forgotten the central social message of the prophets.

## AN ECONOMIC COMMENTARY ON THE BIBLE

By Gary North

### No. 31: THE RIGHTS OF PRIVATE PROPERTY

*Thou shalt not steal (Ex. 20:15).*

God, as the Creator, possesses absolute sovereignty over every aspect of the creation, including property. God is the owner of the world (Ps. 50:10-12). Christ's parable of the talents presents the sovereignty of God in terms of the analogy of a loan from a lord to his servants. They have the obligation to increase the value of the goods entrusted to them. They are directly responsible to him. Ownership is therefore stewardship. Men's rights of ownership are delegated rights. God's "loan" must be paid with interest (Mt. 25:27). Each man is responsible before God for the lawful and fruitful administration of God's gifts to him, both personal and economic (Lk. 12:48).

The original distribution of wealth, including human skills, made Adam and Eve responsible for fulfilling the terms of the cultural mandate. They were to be fruitful (Gen. 1:28). In their sinless condition, this initial distribution of resources was made in terms of the **harmony of men's interests**. There was an original inequality of responsibility between Adam and Eve. She was **functionally subordinate** (though not ethically inferior) to her husband (Gen. 1:20; I Cor. 13:8-9). The church, as the body of Christ, is similarly described in terms of an organic unity which is harmonious, with each part essential to the organism's efficiency, yet with each performing separate tasks.

God's universe is orderly. There is a God-ordained regularity in economic affairs. There is a predictable, lawful relationship between personal industriousness and wealth, between vanity and the loss of wealth (Pr. 13:11). This

applies to individuals as well as to nations. Not every godly man will inevitably prosper economically, and not every evil man will lose his wealth in his lifetime (Lk. 16: 19-31), but in the aggregate, there will be a significant correlation between covenantal faithfulness and external prosperity. In the long run, the wealth of the wicked is laid up for the righteous (Pr. 13:22). The same principle applies to national, racial, and cultural groups (Deut. 8). Covenantal law governs the sphere of economics: Wealth flows to those who deal honestly with their fellow men and with God. To argue that wealth normally flows in the long run toward dishonest and faithless men is to deny the Bible's explicit teaching concerning economic affairs. It is to deny the covenantal lawfulness of the creation.

Christian commentators from the beginning understood that the prohibition of theft, like the prohibition of covetousness, serves as a defense of private property. Theft is an autonomous, willful act of economic redistribution, and therefore it is a denial of the legitimacy of God's moral and economic laws. The immediate economic effect of widespread theft in a society is the creation of insecurity. This, in turn, discourages economic production. Resources must be shifted from production and consumption to crime fighting. This clearly lowers per capita productivity and therefore per capita wealth among the law-abiding members of society. Theft produces wasted resources. The internal restraints on theft provided by godly preaching and instruction help to reduce crime, thereby increasing the per

capita wealth of the society. Godly preaching against theft is therefore a form of **capital investment**, for it frees resources that would otherwise have been spent on the protection of private and public property.

Economic inequality is no excuse for the use of force in redistributing wealth, either by theft or by the ballot box. Inequality is basic to God's covenantal law structure, as the parable of the talents indicates. Different men begin with different initial talents—monetary and personal. The Westminster Larger Catechism (1646) provides a good summary of the mutual responsibilities of social and economic inferiors and superiors. One's wealth is to be employed carefully, no matter what one's station in life happens to be, and men are to be content with their station (I Cor. 7:20-21). The goal of each man should be moderate wealth (Pr. 30:8-9), but moderate according to one's station and responsibilities (Large Catechism, questions 129, 130, 141, 142). It should be obvious that the leader of a nation or a large corporation should not be required to live in the same home as an unskilled worker in India might be able to afford. A leader with major responsibilities could not be expected to perform efficiently under such conditions. The goal of total economic equality as a standard for society is demonic, for it denies the law of God: men were unequal from the beginning, and differences in character and competence

must result in differing economic positions. Forced economic equality is theft, biblically speaking: autonomous man's attempt to reconstruct society by defying the laws of God.

Except for brief periods of emergency, such as in a military siege, commonly owned property is not normal. The early church in Jerusalem retained the rights of private property (Acts 5:4), but on a voluntary basis, property was shared in common (Acts 4:32). They abandoned ownership of fixed property in expectation of the fulfillment of Christ's prophecy of the coming military seige (Lk. 21:20-24), which was fulfilled in 70 A.D. when the Roman legions surrounded the city and then invaded it, tearing down the Temple. To preach today that men should ignore comfort, recreation, and capital accumulation, giving up their wealth to the poor until they are on an economic level with the earth's poorest people, is to create guilt. It would help to destroy familistic capital. It would make training in the administration of wealth impossible. Such pietistic preaching is simply a perverse form of theft. Denying the requirement of tithing, pietists would go vastly beyond the tithe. Such preaching is anti-biblical to the core. It would destroy the possibility of a fully Christian future, for it would abolish the means of economic growth: familistic capital. The tithe, not self-imposed poverty, is the standard of biblical economic preaching.

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