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SQUEEZING THROUGH THE EYE OF THE NEEDLE

By Gary North

And again I say unto you, It is easier for a camel to go through the eye of a needle, than for a rich man to enter into the kingdom of God. When his disciples heard it, they were exceedingly amazed, saying, Who then can be saved? But Jesus beheld them, and said unto them, With men this is impossible; but with God all things are possible (Matt. 19:24-26).

These words of Jesus were delivered to the disciples immediately following Jesus' encounter with the rich young ruler. Jesus had instructed him to go and sell everything that he owned, and to give the proceeds to the poor. The man went away sorrowfully (v.22). He did not respond in joy to Jesus' words.

Why was the young man at fault? He did not respond cheerfully, and the Lord loves a cheerful giver (1 Cor. 9:7). Is this the reason? Not likely. The tithe is to be given cheerfully, but Jesus called him to give more than the tithe. Why? To test the man's commitment to take up a new way of life for Jesus' sake. When Jesus called Levi (Matthew himself) to forsake his job as a tax collector (publican), he immediately abandoned his collection table and followed Jesus. He even threw a party for the other tax collectors and guests, a sign of good cheer and charity (Luke 5:27-29). He abandoned his source of income in order to follow Jesus, and eventually to write the first gospel. But the rich young ruler went away sorrowfully. He was not willing to drop everything and follow Jesus, or to adopt a new lifestyle that offered him a greater possibility of entering into God's kingdom. Jesus saw into his soul, and recognized his death-producing attachment to his wealth. Again and again in the Bible, rich men are warned not to trust in riches (Ps. 52:7; 1 Tim. 6:17). Solomon, an exceedingly wealthy man, put it well: "The rich man's wealth is his strong city, and as an high wall in his own conceit" (Prov. 18:11). Men who trust in such walls for their defense are doomed.

Yet men of wealth appear frequently in the Bible as saints and men of great service. Abraham was one (Gen. 13:2). Joseph became rich in Egypt, and his service as the Pharaoh's steward saved the lives of the Egyptians, not to mention Joseph's own family. In the New Testament, the family of Mary, Martha, and Lazarus had to have been wealthy, for Lazarus had his own family tomb on his property, a sign of wealth (John 11:38). Joseph of Arimathea, a rich man (Matt. 27:57), donated his tomb to house Jesus' body (27:60). (If Joseph knew the meaning of Jesus' message concerning His resurrection, then this was a demonstration of his faith in Jesus' words, not a sign of his own sacrifice. If it was sacrificial giving on Joseph's part, then it was evidence of his lack of understanding or faith.) Wealth for an individual has the same sorts of risk attached to it as wealth for a whole nation: the temptation of trusting in wealth, of declaring one's own autonomy (Deut. 8:17). To trust in wealth is suicidal, either on earth or in the final judgment.

So rich men have roles to play, both as faithful stewards and as unfaithful stewards. They have more to lose in the realm beyond the grave, for from him to whom much has been given, much is expected. There will be more penalties for the unfaithful rich man than for the unfaithful poor man (Luke 12:47-48). Since the rich man has more at stake than the poor man, he must exercise greater care with his wealth than the poor man does.

This applies to both market stewardship and to heavenly stewardship. A man with great wealth can make huge mistakes that cost society a fortune. He can waste wealth in beginning disastrous economic projects. He can lure men to seek employment in his corporation, and then ruin their careers if he goes bankrupt. He can influence politicians in evil ways to gain special-interest legislation that hurts the general public. The greater his wealth, the greater his economic power; the greater his economic power, the greater his responsibilities, in time and on earth.

Property is always held in stewardship for the public. Whenever a man uses his property in one way, he cannot use it in some other way. His decision has economic consequences, no matter what he chooses to do with his capital. There is no escape from this economic responsibility. The market allows men to bid for the use of a man's capital through the interest rate, or through partnership offers, or whatever. The owner must decide, and every decision means foregone opportunities—opportunities that might have paid him a return on his money, and all of which promised him the possibility of making a return. **Ownership is a social function.**

The Rich Man's Competence

The late Dr. Ben Rogge, the free market economist and board member of a multi-million dollar foundation, once made this comment: "Rich men know how to make money, but they are seldom very skilled in giving it away. My job on the board is to see to it that the money is spent in ways that at least won't produce more harm than good."

Andrew Carnegie is the premier example of a rich man with a misguided sense of stewardship. In his role as an entrepreneur, Carnegie found countless ways to reduce costs of production in steel manufacture. He continually lowered prices, thereby making it economically feasible to use steel in ways undreamed of by earlier generations. The whole world was the beneficiary, except for his competitors in the industry. He poured profits back into the business for decades. Time after time in the late 1890's, Carnegie ruined the competition, which was assembled in an oligopolistic series of trusts. They wanted to keep prices high. Carnegie defeated them, one by one. Finally, in despair, they got J. P. Morgan, the New York banker, to help fund an offer to

Carnegie to buy him out. In late 1900, just before the turn of the century, Carnegie sold out for just under half a billion dollars, making him the richest man on earth. He then began a lifetime of charitable giving, in which he gave most of his money away.

What were the results? First, the creation of U. S. Steel, which became a monopoly overnight. It ended the fierce price competition which had so benefitted the consumers. Second, it gave Carnegie the money to fund "free" libraries, which were stocked with humanist books, and which eventually had to be taken over by municipal governments, due to political pressures not to "throw away a free asset." The public now has to finance these libraries with their tax dollars. Third, he set up the Carnegie Foundation, which has been at the forefront of liberal-humanist reform for three generations, especially in the field of education.

If Carnegie had continued to pour his corporation's profits back into steel production, spending the remainder on wine, women, and song, the public would have been far better off. A man can spend only so much on debauchery, especially a tight-fisted Scotsman like Carnegie, who had little taste for such carrying-on. But the point is this: he was a real public benefactor while he was making his fortune, but when he became a self-proclaimed, universally acclaimed public benefactor, he did so at the expense of cheaper steel and higher taxes in the long run. (A good book on his career is Harold Livesay's *Andrew Carnegie and the Rise of Big Business* [Boston: Little, Brown, 1975].)

Was Carnegie supposed to follow Jesus' words to the rich-young ruler? No. Carnegie became a public nuisance when he sold what he had and gave to the poor, for monopolists bought what he had in order to reduce the opportunities of the poor, and the beneficiaries of his giving were primarily the literate middle class and the bureaucrats who oversaw the distribution of his funds. He subsidized the world of bureaucratic secular humanism at the expense of the buying public. By following the instructions of Jesus to another rich man in a different set of circumstances, Carnegie, a humanist, subsidized the work of Christ's enemies.

Another aspect of Carnegie's example should be considered. Carnegie worked all his working life to become a skilled entrepreneur. He was not a tither in these years. His skills as a producer were superb, but he did not gain the practice so vital in giving away money. He made the disastrous assumption that so many rich men have made over the years, namely, that it takes years to learn how to make money, but that giving it away is so easy that no practice is required. That is an error which almost always produces the effects that Ben Rogge worked long and hard to avoid: doing more harm than good with the money.

Anything worth doing well takes a lot of practice: making money, making a marriage, or making donations. We have convinced too many people that they deserve instant success in the latter two areas, although most people know that the first skill takes time, effort, and capital. Men have not understood the principle of self-discipline and dedication in the area of charitable giving. The rich have concentrated on making money; they have seldom devoted a tenth of their time (to match a tenth of their income) to giving it away.

This is why rich men cannot be trusted very often to form the backbone of a charitable program. Churches, educational foundations, and most other charitable organizations cannot rely on the rich to support them, for the giving of the rich is too haphazard, too geared to "bricks and mortar," to be reliable as a source of long term social reform and social uplift.

Puritan Giving, 1547-1660

Nowhere in recorded history can we find a more successful case of successful giving than in England during the early years

of the Protestant Reformation. It was the giving by Protestant merchants and wealthy landowners, especially the Puritan merchants of London, which helped reshape the face of England. Only with the failure of the Puritan political experiment after Cromwell's death in 1559, and the restoration of Charles I King in 1660, did this giving fall off, as a result of Charles' persecution of Puritan leaders, and also because of the creation of the trade monopolies that favored Charles' non-Puritan merchant supporters.

With the death of Henry VIII in 1547, young Edward VI came to the throne at the age of 10. He and his counsellors favored the Protestant Reformation, and for the next six years, until his death in 1553, England witnessed a huge outpouring of charitable giving. Hugh Latimer, who preached before the young king, was a strong believer in the benefits of charity. His view was shared by Puritans in general.

The older classes steadily retreated from charitable giving throughout the sixteenth century, to be replaced by Protestant merchants and gentry. There was a self-conscious, relatively systematic attack on poverty by private giving. Gifts were usually in the form of capital endowments—perhaps 80% or more—to schools, apprenticeship programs, poor relief, and other longer-term programs to eradicate the causes of poverty. Some of these charities survived right up until the early 1900's. W. K. Jordan, who has written voluminous researches into the giving of this era, has summarized the effects of the charitable programs, 1540-1600: "...in the span of two generations Protestantism had in fact created in England a new social order that in terms of effective charitable giving had outstripped by far the whole of the charitable accumulation of the medieval past." (Jordan, *Philanthropy in England, 1480-1660*, p. 230. This is a summary volume of a four-volume study, published in the United States by Russell Sage Foundation in 1959, and in Britain by George Allen & Unwin.) Probably ten times the money collected in taxes for poor relief was donated by private citizens in the 1650's. In all known parishes in England in 1650, about 3,500 pounds were taken in taxes for poor relief, while in the same year, in just ten counties, income for distribution by private charities exceeded 50,000 pounds (pp. 139-40). The tradition of giving was sufficiently strong that private charity coped with mass poverty until the Industrial Revolution, over a century after Charles II returned to the throne (p. 143).

Even during the Civil War years of the 1640's, the volume of giving did not decrease. The wounded and uprooted were cared for (pp. 198-99). Jordan concludes that it was Puritan sermons that were responsible for the vast increase of giving (pp. 215-16). Above all, it was urban England, and especially London, that was the source of the funds—as much as 75% of all giving (p. 241). Also extremely important was the fact that in the Edwardian era, 1547-53, non-clerical giving became predominant. **Laymen controlled the great endowments, not the clergy.** Thus, when Mary came to the throne in 1553, her attempt to revive the influence of the Church of Rome failed. Her five-year reign did not achieve her goal of wiping out the Reformation in England, for the seats of social power had been removed from the institutional church (p. 247). Under Elizabeth, only about 7% of the giving came from the institutional church (p. 248).

Because the Puritans were so committed to education, they gained influence by funneling so much of their giving into the creation of grammar schools and colleges. In the era, 1480-1660, about 542 schools were established in ten counties, of which about 100 failed. London merchants were the chief donors. The grammar schools were controlled by laymen, which was significant. All classes of the society were assisted to gain their educations when academically qualified. "This persuasion was most

firmly held by the mercantile elite, whose devotion to the cause of education for a period of about sixty years may with reasonable accuracy be described as fanatical" (p. 280). He is speaking of the period 1600-60, in which the Puritan influence was greatest.

The urban merchants exercised influence vastly out of proportion to their numbers. They were the smallest of all clearly defined social groups in England, except for the peerage itself, yet they assumed a tremendous burden of social responsibility (pp. 335-36). This class provided about 60% of all charitable funds accumulated in this era (p. 338). Thus, concludes Jordan: "The benefactions of the merchant class were dominant, indeed decisive, in the settling of the social aspirations of modern England, not only because of their enormous scale but because they were on the whole so perfectly ordered and disposed as trusts creating permanent institutions" (p. 348). Their class achieved **social leverage** in British society, for it dominated charitable giving.

Jordan's words must be grasped and integrated into any successful program of Christian reconstruction: "Power, as history has so often demonstrated, flows inevitably to those unafraid to assume the burdens of responsibility" (p. 151).

Mr. Anonymous' Lessons

Very few Americans have ever heard of William Volker. Even politically conservative Americans have never heard of him. This was the way he planned it. But William Volker was perhaps the most important figure in the development of the late-twentieth century conservative-libertarian movement. He did it quietly.

He was born in 1859 in Hanover, in what became Germany in 1871. In 1871, his family moved to Chicago, and all eventually became American citizens. William Volker from the beginning was a man who believed in work—lots of it. He put in 80-hour weeks throughout his adult life, leaving time only on Sunday for church and rest. He also worked intelligently. He created a thriving business in home products, such as window shades, in the late-nineteenth century. The William Volker Company still exists, and is still noted for its efficiency and honest dealings.

He was convinced that a man is a steward for God's property. He was vaguely conservative theologically, but he was forthrightly committed to charitable giving. He gave away millions of dollars in his lifetime. Some of this money went for typical charities, but the William Volker Charities Fund became the William Volker Fund, which was instrumental in bringing F. A. Hayek and Ludwig von Mises to the attention of American thinkers. The Volker Fund sponsored scholarships for young men to take their doctoral work and graduate school work under both Hayek and Mises. The Fund sponsored a broad program of publishing, distribution of materials, and sponsoring the creation of new free market organizations. The Foundation for Economic Education was begun when the Fund loaned Leonard Read's new organization the initial seed money to get started in 1946. Out of FEE has sprung many organizations and many careers, including my own. I was a summer intern with the Volker Fund in the final years of its public existence, in 1963, when it was briefly called the Center for American Studies. R. J. Rushdoony was on the staff in these years. His books, *This Independent Republic* and *The One and the Many*, were both written because of Volker's original vision.

Volker died in 1947, but he had put his nephew, H. W. Luhnnow, in charge of the organization. Luhnnow continued to support free market ideas, as Volker wanted. Volker had learned an important lesson early in his philanthropic career. In 1909, unemployment soared in Kansas City, Missouri, where Volker's company was headquartered. Volker recommended the creation

of a municipal Department of Public Welfare, which was passed by the City Council on April 4, 1910, the first Welfare Department in U. S. history. When the Council hesitated to fund it, Volker gave it \$50,000. It made loans available to hard-pressed people, and it created a legal aid bureau. He continued to pour his own money into the project. He resigned from the board in 1911. He was the last person who ever contributed heavily as a voluntary taxpayer to the Department. The City took over its financing. The person who eventually gained control over its operations, and the votes that its money could buy, was an obscure politician named Tom Pendergast. Pendergast later went on to create one of the most effective and notorious political machines in American history. The machine even began the career of another obscure politician, a justice of the peace named Harry S. Truman.

Volker learned by 1918 that the civil government cannot be trusted with welfare programs. The politicians use the funds for political purposes. But he was committed to giving. He continued to help people on a face-to-face basis until his death. His influence was great, but invisible. He believed in the words of Jesus: "Take heed that ye do not your alms before men, to be seen of them; otherwise ye have no reward of your Father which is in heaven" (Matt. 6:1). He helped to reshape the thinking of literally thousands of people, indirectly, through the funds that he gave to the Volker Fund. After he was in his grave, his influence continued. It still continues.

His philosophy of stewardship was straightforward: "A man with money is to be pitied if he cannot give it away. If he keeps on accumulating after he already has enough, he is simply defeating the ends of Providence that gave the money. When we give money away, we are using it according to the wishes of the Providence that put us here. Nothing can be more comprehensive than the Golden Rule. A strict following of it will bring happiness" (*Mr. Anonymous*, by Herbert C. Cornuelle [Chicago: Regnery Gateway Edition, (1951) 1961], p. 151).

Volker knew that successful giving, like successful earning, takes long years of practice. Men are unlikely to learn the techniques overnight. For example, in the latter years of the Volker Fund, one rule the board used was this: fund a new project for three years. After that, it should be self sufficient. Never pour money down a rathole. This way, money is freed up for the next project. This was not a rule established in Volker's lifetime, but it grew out of the experience of the Volker Fund.

Another interesting rule was one in opposition to the Puritan experience. Volker put a self-destruct clause in the Volker Charities Fund. After a certain period of time, all the assets had to be distributed. Even in this case, the plan was delayed over a decade before the final distribution took place, but the Fund finally disbanded. He was convinced that there is a tendency for people holding a different philosophy to capture permanently endowed charitable trusts. This has certainly been true of the big foundations. Even Henry Ford II resigned from the Board of the Ford Foundation, complaining about the anti-business philosophy of the organization. Permanent endowments seldom retain their founder's vision. Volker had the organization liquidate its assets within a generation after his death.

This indicates that bureaucracy is a problem for big-money donors to contend with. There is a tendency for rich donors to hire "yes men." They are paying the freight, they think, so their subordinates should do what they are told. Five minutes after the founder is dead, the "yes men" become independent men, and they very frequently assert this independence by striking out on their own, transforming the character of the foundation. I saw this happen with one multi-million dollar foundation in the 1970's. The founder had not been dead six months before the outfits that

had previously been supported were cut off from the funds. This killed off one publication and hampered another. The founder was one of the richest Christians in history, but his "yes men" on the board were not. His vision did not survive his death.

Volker saw the pitfalls in advance. He chose not to leave an inheritance for ideological enemies. Yet even he could not control the final disbursement of the funds. Whether he would have approved is anyone's guess.

The Tithe

The tithe is the basic means of supporting works of charity, evangelism, education, research, and culture. The tithe is a steady, relatively predictable source of funds for organizations. The tithe creates skills in giving for the donor. He must decide which organizations deserve his support. Recipients must see to it that their operations continue to deserve support. As Leonard Read says when anyone asks him how FEE's income is doing, he replies: "Just fine. We're getting 100% of everything our donors think we deserve." That is the proper attitude, both for donors and recipients.

Does a donor want a charitable project done? He should discuss it with the proper organization. Does he think a particular organization is getting bureaucratically top-heavy? Cut back on the funds. Tell the directors why. Is some outfit hiring men whose philosophies are radically different from the founder's? The founder should not continue to finance the operation.

A wise organization develops broad-based support, so that the whims of any one supporter need not bind the organization. So the responsibility is two-way: donors should not support drifting organizations, while organizations should attempt to broaden the support base. This keeps one man from exercising too much power, not by silencing him, or misinforming him, but by replacing him financially. He should not be the sole support anyway. If he dies, the organization may flounder, or be taken over rapidly.

The tithe teaches donors the discipline of giving. It also removes the pressure from guilt-manipulators who cannot condemn a rich man for his wealth. He defends his own freedom of action by giving away his required 10%. Beyond this, he is emotionally free to say yes or no to requests for additional giving.

Fundamental Rules for Giving

1. Never sit on boards of directors for organizations that finance programs or individuals who are destroying the moral foundations of the free market. This means virtually all college and university boards. Never lend an aura of

respectability to the enemy.

2. Never offer open-ended support to any organization. Put time limits or money limits on the support. This keeps the bureaucrats on their collective toes.
3. Never sit on more boards than you have time to monitor. Monitor the outfits.
4. Fund projects, not people. Check out the results before funding additional projects.
5. Never fund a project that could be profit-seeking, unless you are an investor. Non-profit projects should be bankrolled only because they are important, but the market demand is low.
6. Endowments should not be provided for ideological organizations: education, research, publishing, etc. Endowments may be suitable for medical and charitable (direct giving) organizations. Endowments sever the bureaucrats from the donor's goals.
7. College presidents cannot be trusted. Alumni associations are worse.
8. Never try to buy phony immortality by erecting a building with your name on it and your ideological enemies inside it, undermining everything you believe in. Better to finance the guys inside; let rich fools with no firm convictions finance the buildings with their names on them.
9. Never give money to bureaucratic group charities that distribute the money among many outfits. These are too conventional, too bureaucratic to accomplish very much. Finance higher risk, innovative experiments, project by project, since they might accomplish something unique.
10. If you believe in a project, see if you can get another well-heeled potential donor to get involved. Spread the risk around. Offer matching grants. Only a few projects will ever succeed. They are like new business ventures. Business ventures fail all the time; at least the market weeds out failures. Non-profit failures can go on for decades.
11. Fund many projects, not one with a big pay-off. You can never be sure where the big pay-off really is. The bigger the pay-off, the more likely the failure. Get them started, but refuse to fund them forever. Or save your big money for a project that proves its worth. Little turkeys become big turkeys when subsidized. Cut them off early. **Seed money is not greenhouse money.** Avoid greenhouse subsidies.
12. Better to give ten outfits a hundred thousand each than one outfit a million. Outfits that get a million dollars have to hire too many bureaucrats to oversee the money. Make them run lean.

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