

# BIBLICAL ECONOMICS TODAY

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## PLURALISM AND TAX EXEMPTION

The fat is now in the fire. A group has taken the Catholic Church into Federal court to protest its tax exemption. The reason? The Church has taken a public stand against abortion. The abortion issue is political, and therefore involves legislation, the plaintiffs assert. The Internal Revenue Code says that tax-exempt organizations that are involved in political lobbying must lose their tax-exempt status. Therefore.

A district court denied the claim, and the case has been appealed to the U.S. Supreme Court. The Court has decided to hear it. The justices will probably do their best to find some way to decide the case on narrow technical grounds in favor of the Church. The political repercussions of removing the Church's tax-exempt status would be immense. It is unlikely that the Court will require this. But then how will the Court uphold the IRS principle of allowing tax exemption only for non-political (non-lobbying) organizations? The Court has a real problem.

There is no doubt that some priests have preached from the pulpit that abortion violates the law of God and is therefore immoral. There is no doubt that the Church has been active in trying to get legal limits placed on abortions. The Catholic Church is identified with the anti-abortion issue, even though not many of its parish priests have been active in the right-to-life movement. (If Catholics voted as a bloc on this issue, and consistently voted against all incumbent politicians who publicly compromised on this issue, abortion would no longer be a major political issue in the U.S.; it would be made illegal.)

The Court must deal with a fundamental constitutional question. It must find a solution to the question: Is the tax exemption of churches sacrosanct – a sacred sanctuary – or is it merely a privilege granted by the IRS to those churches that conform their preaching and activities to guidelines in the Internal Revenue Code? Ultimately, this is the issue the Court must deal with: Which is the sovereign agent, church or State, or are both equally sovereign? Legal sovereignty in this case is visibly manifested in an institution's legal ability to escape taxation. The church clearly cannot legally tax the State. Can the State legally tax the church? This issue has been debated for centuries in the West, and the issue has obviously not yet been settled.

### Taxation and Sovereignty

"The power to tax is the power to destroy," So said Chief Justice John Marshall in his famous decision in the case, *M'Culloch v. The state of Maryland* had imposed a tax on all bank notes issued by banks not chartered by the state of Maryland. *M'Culloch*, the cashier of the branch Bank of the United States in Baltimore, refused to pay the tax. Two legal questions were revolved:

First, did the U.S. government have the right to charter a private bank? Second, was a state tax on such a bank constitutional?

Marshall relied on Hamilton's arguments favoring a U. S.-chartered bank. This was a tragic mistake on Marshall's part, a mistake we are still living with. It was a secondary issue, however. The other question – taxation – raised the crucial legal question of sovereignty. Immunity from taxation is a mark of original sovereignty, Marshall concluded. There can be no question regarding Marshall's decision: he saw the case as a political conflict over ultimate legal sovereignty.

If any one proposition could command the universal assent of mankind, we might expect it would be this: that the government of the Union, though limited in its powers, is supreme within its sphere of action. This would seem to result necessarily from its nature. It is the government of all; its powers are delegated by all; it represents all, and acts for all. Though any one State may be willing to control its operations, no State is willing to allow others to control them. The nation, on those subjects on which it can act, must necessarily bind its component parts. The government of the United States, then, though limited in its powers, is supreme; and its laws, when made in pursuance of the constitution, form the supreme law of the land, "anything in the constitution or laws of any State, to the contrary, notwithstanding."

Because the issue was sovereignty, Marshall and the Court declared the tax unconstitutional, for Maryland's action had challenged Federal sovereignty.

If the States may tax one instrument, employed by the government in the execution of its powers, they may tax any and every other instrument. They may tax the mail; they may tax the mint; they may tax patent rights; they may tax the papers of the custom-house; they may tax the judicial process; they may tax all the means employed by the government, to an excess which would defeat all the ends of government. This was not intended by the American people. They did not design their government dependent on the States.

The question is, in truth, a question of supremacy; and if the right of the States to tax the means employed by the general government be conceded, the declaration that the constitution, and the laws made in pursuance thereof, shall be the supreme law of the land, is empty and unmeaning declamation.

### Should the Church Be Taxed?

Now, let us go back to this declaration by Chief Justice Marshall and substitute a few words. All of a sudden, things become clearer, judicially speaking:

If the States may tax one Instrument, employed by the Church in the execution of its powers, they may tax any and every other instrument. They may tax the tithe; they may tax the building; they may tax baptisms; they may tax the communion meal; they may tax the Church's judicial process; they may tax all the means employed by the Church, to an excess which would defeat all the ends of ecclesiastical government. This was not intended by the American people. They did not design their churches dependent on the States,

The question is, in truth, a question of supremacy; and if the right of the States to tax the means employed by the Church's government be conceded, the declaration that the Bible, and the laws made in pursuance thereof, shall be the supreme law of the land, is empty and unmeaning declamation

But, of course, there has never been a public announcement by the American people or the nations of the West that "the Bible, and the laws made in pursuance thereof, shall be the supreme law of the land." This is one reason why the American people and Western civilization are headed straight for God's visible judgment. Since the Bible is not recognized as being sovereign, the legal protection of the church from the State must rest on the decisions of the State. In the long run, the State protects only those churches that share the humanists' view of the State's original sovereignty. This is why political pluralism inevitably leads to war on the people of God and the church. The issue of original sovereignty always reappears, and without the Bible, men refuse to recognize that God is the original Sovereign. Without this theocentric doctrine, the State always proclaims itself as the original sovereign, and the church becomes the great enemy of the statist order.

### Pluralism and Polytheism

Political pluralism is a manifestation of polytheism: **multiple ethics, multiple gods**. It insists that God does not speak to anything that is political, so neither should His ecclesiastical representatives. Then the humanist comes along to announce that **everything is political**. Conclusion: God does not speak to anything in history, and neither should His ecclesiastical representatives. The humanists like this conclusion, and steadily work to impose it judicially. The pluralism-preaching Christians start to squirm. Still, they eventually capitulate. They would rather believe that God's revealed word speaks to nothing than to conclude that it speaks to politics, and therefore Christians are responsible to announce the standards of righteousness in the arena of politics. This is just too much like ancient Israel's prophetic preaching, and it can get a fellow persecuted.

Will the Supreme Court become consistent with the humanist-pietist presupposition that God does not speak to politics? This presupposition is manifested in the Internal Revenue Code: if a church speaks officially to any issue that might conceivably become subject to a vote by Congress, it can lose its tax exemption. To apply this rule to a church would require making the determination that churches are nothing more than tax-exempt institutions created by the Federal government, like a foundation or other charitable trust. It assumes that the Federal government has granted the churches their tax exemption. It assumes that churches are, as legal entities, creations of the State.

The proper biblical response is that churches are **tax-immune**. They enjoy delegated authority from the true original Sovereign, God. The State did not create them. They are certainly as immune from taxes by any branch of the Federal Government as is immune

from taxation by state governments. Inherent in the **sovereignty** of the church is the same tax immunity that is the prerogative of every level of civil government: to escape taxes imposed by all subordinate governments.

The question of subordination is crucial. The mark of sovereignty is not immunity from taxation as such. It is rather immunity from taxation by any subordinate **government**. The family is certainly a sovereign **covenantal** institution, but its assets are not immune from God's tax, the tithe, even though it is a lawful **covenantal** government. Similarly, the assets of the family are subject to taxation by various levels of civil government. The family is therefore under authority. The only universal mark of God's delegated Institutional sovereignty is the presence of a **self-valedictory oath**: church, state, or family. Once a marriage is formed, only death — **covenantal and/or physical** — can break the partners' legal bond: "Till death do us part."

The mark of ultimate institutional sovereignty is **tax immunity**. The highest level of any government is immune from taxation by other governments. In the case of the institutional church, there is no higher level of human government; hence, God has declared it in principle immune from taxation by the State. There was no God-authorized tax on the tabernacle or temple by the kings of Israel. When King Hezekiah used the gold of the temple to pay tribute to Assyria, the Assyrians immediately invaded the land and besieged Jerusalem (II Ki. 18:15-17). It was a sign of God's judgment against the king. The only thing that saved Hezekiah was Assyria's arrogance against God (18:19-35) and Hezekiah's request to Isaiah that the prophet appeal to God to uphold His own name in the face of Assyria's challenge (19:4). By accepting this tribute payment that had been coerced from the temple, and by announcing his sovereignty over Judah, King Sennacherib of Assyria doomed his own kingship and his empire; his army was decimated by a plague, and he was assassinated (19:35-37). The Babylonian empire was soon to replace Assyria as the greatest of all the empires of the ancient Near East.

Babylon later fell the same way. When King Belshazzar brought out the confiscated plates of the temple to be used in a feast, he doomed his kingdom that very night. "Then they brought the golden vessels that were taken out of the temple of the house of God which was at Jerusalem; and the king, and his princes, his wives, and his concubines, drank in them. They drank wine, and praised the gods of gold, and of silver, of brass, of iron, of wood, and of stone. In the same hour came forth fingers of a man's hand, and wrote over against the candlestick upon the plaster of the wall of the king's palace: and the king saw the part of the hand that wrote" (Dan. 5:3-5). "In that night was Belshazzar the king of the Chaldeans slain" (v. 30).

The institutional church is tax-immune. It is a sovereign agency of government. In times of self-doubt, Christians do not understand or acknowledge this sovereignty, and the church falls under the heel of some strutting king or political order. When the prayers of the faithful are not uttered in judgment against the usurpers, then the thieves can strut for a bit longer. But their end is as sure as Assyria's and Babylon's. They will fall.

### Judgment and Representation

In a tyranny, the churches are publicly silenced by the State. In every congregation are many informants. If the pastor deviates from State-authorized pietism, he is arrested. Thus, if the churches are publicly to pray the impenitency plenary — the prayer of God's cuspids — they

must do this before foreign tyrants arrive, or before domestic tyrants are voted into office. But few churches have prayed these psalms historically – Psalm 83 is the best example – and so the tyrants steadily encroach upon church prerogatives. As the noose tightens, these psalms can be prayed only in tiny unauthorized groups or in **personal** prayer closets. It is indicative of the condition of today's churches with respect to their enemies that almost no denominational hymnal today includes all of the psalms, especially the psalms calling down God's judgment on His enemies, nor do the prayer books include all of the psalms. Few Christians have ever heard an imprecatory psalm directed against an abortionist, let alone a public official.

Protestant Christians (and a lot of married **ex-Catholic** priests) have abandoned the idea that excommunication really means very much. It is seen only as a temporary annoyance. If excommunicated, a person can always walk down the street and join another church. He is not told that excommunication indicates eternal consequences. He is not even subjected to official temporal consequences. Excommunicates **laugh in their hearts** at the idea that anything a church's officers say judicially has any effect in history or in eternity. They see themselves as immune from judgment by the church,

Having lost their fear of the efficacy of this rarely applied church sanction, Christians have also lost respect for church government generally. This is their first step toward hell and its earthly manifestation, political tyranny. **Societies** cannot escape external government, so the State steps in to replace the vacuum created by the church's defection. This was understood by Paul from the beginning, which is why he called on the church of Corinth to judge its own disputes and not seek peace in pagan civil courts (1 Cor. 6).

The tyrants increasingly recognize the universally acknowledged impotence of church sanctions. They understand all too well that if the church is not seen as God's authorized representative agency, it can exercise only minimal authority. To be a representative government means that its officers **speak judicially** in the Sovereign's name. This is certainly true of church government. Since Christians universally ignore a local church when it speaks judicially against them in God's name, the tyrants conclude that they too can safely ignore all churches. As tyrants consolidate their power, churches increasingly cease to speak judicially against the actions of the State. Since churches refuse to honor each other's excommunications, thereby announcing publicly their own judicial impotence, they forfeit the visible sign of their position as God's representatives. They forfeit their claim to be a lawful government. The State then refuses to honor any subsequent claims of legal immunity from State control that are based on God's delegated sovereignty to the church. The Internal Revenue Code, not the Bible, becomes the standard of what is suitable in the pulpit.

### **Christian Reconstructionism's Divided Counsel**

The Christian Reconstruction movement has spoken with a divided voice on this topic, because it is divided into two wings, the "Anabaptists" and the "ecclesiastics." The Anabaptist wing of Christian Reconstructionism has denied, either implicitly or explicitly, that local church membership is required by God, and has also denied that the local church has the right to enforce its decisions except by preaching – "preaching **them** out." In other words, this wing has denied legitimacy of the sanction of excommunication. A really consistent Anabaptist will actually deny that God requires him to take communion, because he is

a totally sovereign agent. In short, **he will excommunicate himself**. Self-excommunication is still excommunication. Excommunication is an inescapable concept for born-again Christians and those who mistakenly believe they are born-again Christians. Anyone who fails to take communion regularly is an excommunicate. Self-excommunicates are merely **self-deceived**.

To deny the requirement of the Lord's Supper is to affirm the sovereignty of the State – not directly, but by default. If the church is symbolically deprived of its sanction of excommunication, either because churches **ignore** each other's excommunications or because Individual Christians think they can safely stop taking communion (i.e., excommunicate themselves before the local church does it for them), then the church cannot defend the family, let alone the civilization.

Radical autonomy always plays into the hands of radical statism, for isolated individuals who are outside the church are no match for totalitarian power. Thus, for all their ranting against the growing encroachment of **State power**, the **Christian Reconstruction Anabaptists** have contributed **directly** to this development, for they have relied on a weak reed, the family, as if it were God's primary representative government. They expect the family to defend civilization against statism. This is nonsense biblically: the family, while sovereign, is always subordinate to the jurisdictions of both church and State, for the family is required by God to pay tithes and taxes. The family therefore cannot be the primary agency to defend our freedoms against State encroachment. The church is. Christ did not say, "I shall build my family." He did not say that the gates of hell shall not prevail against the family.

Why are we seeing the **expansion** of State power? Because Christians have voluntarily defaulted by attempting to strip God's church of its God-given authority to excommunicate people and to pray the imprecatory psalms against its enemies. When will we see a reversal of this political trend? Only when we see a reversal of this **anti-ecclesiastical** trend. When the self-excommunicated enemies of God's church stop complaining publicly against "Churchianity," and join the local church as humble men under the visible authority of others, they can begin to saw the shackles of the State from off their ankles. Not before.

### **Will the Church Buy Some Peace by Its Silence?**

**Today, es biblical law is increasingly preached in many** churches, and as the various social crises escalate, there is a coming to terms with point four of the covenant. The abortion issue has polarized many churches – not just against each other but also internally. Churches are splitting over the **right-to-life** issue, and if the Supreme Court is foolish enough to become truly consistent – if it revokes the tax exemption of churches that **publicly** oppose abortion – then we will see church splits as never before. The hard-core Christians and the soft-core Christians will battle for control of the churches.

If the hard-core Christians lose most of these battles, as is predictable, given Christians' addiction to tax exemption, they will then find it economically unnecessary to keep fooling around with the theology that undergirds modern tax exemption, namely, pluralism. The underfunded, taxpaying hard core will get very, very dedicated in its commitment to a theology very close to theocracy. After all, if the State takes away your church's tax exemption, the pastor can now get serious in the pulpit.

This is why it is **now imperative that churches get out of debt**. A debt burden that relies on tax-deductions to keep the mortgage money flowing becomes

a trap when the State threatens to cut off the tax **deduction** for donations. The fear of bankruptcy will frighten pastors and congregations into self-conscious pietism. To maintain a clear voice in a **time** of crisis, Christians have got to stay out of debt – personally, corporately, and ecclesiastically.

Obviously, if the church loses its savor, it will be fit for grinding down. Buying time is only that. If with each stage of the State's encroachment on church authority, the churches become even more irrelevant, then the process of erosion **will** not be stopped, at least not by anything the cooperating churches do. The State will have succeeded in suppressing the church by installments. It has done this through the public school system, by encouraging pietism, and now by the threat of taxation.

The problem with this strategy is that as the State becomes more consistent, it draws forth a far more determined opposition from a minority of dedicated opponents in the churches. Perhaps these people are pressured out of controversy-avoiding local churches. Other people may actually transform wavering churches, making other **Christians** more swam of the spiritual battle. As the State makes the battle visible by stepping on the toes of Christians on issues that are clearly real-world issues – church schools, tax exemption, abortion, euthanasia, etc. – the bureaucrats pull a minority of pietists out of the clouds. The State makes spiritual issues both historical and concrete; this makes the **religion** of pietism less easy to **believe** in. When your toes are hurting, you begin to ask: "Why, how long, and how can I get these bureaucrats off my toes?" Some Christians will surrender, hoping for the best; others will resist.

We will steadily see which local churches become **hard-nosed activists** that challenge the growth of tyranny, and which become more firmly pietistic in their quest for peace, proclaiming the ability of Christians to live under any form of civil government (except, of course, biblical law). What we can expect to see is a series of divisions over this **question within** each of the camps. One's enemies will increasingly be found in one's own ecclesiastical household.

### When Push Comes to Shove

As the State becomes more hostile to any alternative to the religion of humanism, the ability of Christians to believe that religion and **politics** do not **mix** is drastically reduced. While there are always mystics within the churches – people who self-consciously are escaping from **this world** by means of "higher consciousness" techniques – they are always a tiny minority. They are also generally outside the American Protestant **religious** experience. The majority of pietists are somewhat schizophrenic: their retreat from the world is in part theological and in part emotional, but if you push them too hard, they will fight back. They are instinctively individualistic, and they resent interference. Leave them alone, and they remain no political threat. Push them around, and you will get a **fight**. Once they are in the fight, many of them will respond favorably to a theology of activism. They will abandon world-retreating **pietism, which** they held to only because the State had not yet become consistent in its hatred of Christianity.

This is what has taken place since about 1960. The State has become more consistent, and a growing minority of Christians have begun to recognize that the myth of neutrality is indeed a myth. The State has **hidden** under cover of this myth just as surely as the Christians have **hidden** under the cover of the myth of the separation of

religion and State – the baptized version of the myth of neutrality. Because the bureaucrats have stopped honoring the myth, a growing minority of Christians have also stopped honoring it.

Now, the question arises: What comes after the myth of neutrality is abandoned? Will it be the destruction of the church, or the destruction of the secular humanist State? Will we see the taxing of the church or the drastic shrinking of the State? If there is no neutrality, then the bureaucrats are quite correct in pulling the tax exemption of the churches: what churches preach must have a political impact. The humanists believe that everything is at bottom political; therefore, nothing the church does or says can avoid becoming political. Thus, there is no escape from the taxation of churches if the humanist agenda is allowed to unfold. As the war on the church progresses, so will the war by Christians against the State.

### The Myth of Neutrality

One casualty is certain: the myth of neutrality. Once that long-accepted myth finally lies dead on the battlefield of the warring kingdoms (civilizations), Christians will at last be in a position to build a self-consciously Christian civilization. They will no longer believe that they are dependent on the intellectual and cultural scraps that fall from the table of their enemies.

This is the inevitable fate of the myth of neutrality. It is always used as a camouflage for numerous groups that seek enough time to get their religious position into power. Then the cover is discarded. Many people may believe in it during the early stages of its career, but as time goes by, the more consistent theorists and power-seekers realize that it is a myth. People are either covenant-keepers or covenant-breakers. As time goes on, they act more consistently with their ultimate **religious presuppositions**.

C. S. Lewis wrote in 1946:

If you dip into any college, or school, or parish, or family – anything you like – at a given point in its history, you always find that there was a time before that point when there was more elbow room and contrasts weren't quite so sharp; and that there's going to be a time after that point when there is even less room for indecision and choices are even more momentous. Good is always getting better and bad is always getting worse: the possibilities of even apparent neutrality are always diminishing. The whole thing is sorting itself out all the time, coming to a point, getting sharper and harder, (*That* p. 283.)

So, there is no long-term hope in buying time through silence, unless Jesus is coming again very soon to pull His people out of oppression. That has been the widespread belief among American fundamentalists for a century, but now it is fading. Pretribulational **dispensationalism** is losing its adherents, either to posttribulational dispensationalism or to postmillennialism. Thus, fundamentalist Christians are no longer banking on the Rapture as their cosmic escape from their earthly troubles, including political oppression. As this **faith in** the escape hatch in the sky has faded, Christians have begun to acknowledge humanism for what it is, namely, an aggressive religion of empire that **will** allow no independent authority for churches unless they **worship** the State.

We saw all this during the Roman Empire. It did no good for the churches to seek to buy **time** by toning down the comprehensive message of Christ's world-transforming gospel. It will do no good this time, either.