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What do you think of **Robert Schuller's** book, *The Power of Being Debt-Free*, in which he calls for a **zero-debt** federal government?

I think it is astounding that anyone with theology as squishy and humanistic as **Robert Schuller's** is should come up with such a good recommendation.

There are **several** flaws in the original U.S. Constitution, but by far the greatest error of commission is the clause which allows the government to assume debt. This was the legacy of one of the truly disastrous men in early U.S. history, the mercantilist Founding Father, **Alexander Hamilton**. He believed in a central bank, too, which would create the fiat money with which to buy the debt.

Every person and every institution should strive to avoid debt, and only emergencies should justify it. No debt should be enforceable in a court of law beyond seven years (**Deut. 15**). The exploding federal debt now threatens the very social fabric of **Western**, non-Communist civilization. It will all be repudiated, either openly (unlikely), through mass inflation (more likely), or mass inflation with price controls and rationing (most likely). Then, God-willing, we will forever constitutionally prohibit civil governments from selling debt certificates, except during a declared war, and then only for seven-year maturities.

Is usury wrong?

It depends, Are you taking it from poverty-stricken borrowers or from entrepreneurs who need money to finance a project?

In the Bible, "usury" is forbidden on **loans to poverty-stricken fellow believers**. It has nothing to do with business loans. There is no interest rate ceiling ever mentioned in the Bible. Either no interest must be charged (charity loans), or no limit is placed on voluntary contracts (profit-seeking ventures).

There is always a discount on future goods in relation to present goods. Let me give you an **example**. Which would you rather win in a contest, a new car today, or the same car in a year? Obviously, the new car today. You maybe dead in a year. If the prize-giver wanted to wait to deliver the car, yet you had the right to receive it today, he could get you to **delay** only by promising you something extra. In short, he would pay' you interest. Interest is the discount between future goods and higher valued present goods. Being a Christian doesn't avoid the discount of future goods as against present goods. No interest is to be taken from poverty-stricken borrowers, but this is a form of **Bible-required** charity. In effect, you **donate** the interest you might have earned. Business borrowers are not in the same God-protected situation.

From the **early church** until today, from the church fathers to the populists, there have been Christians who have refused to read the plain teaching of every text **prohibiting** usury. They refuse to acknowledge the qualification "thy brother who is poor" in the law prohibiting interest on **loans**. Thus, in every age, Christians make fools of **themselves** by advocating interest-rate ceilings, which are nothing **else** but price controls. These laws **cripple** business and create a black market for loans.

Nowhere in the Bible does it specify that the civil **government** is to enforce usury laws. Yet we find Christians who call for statist actions in this regard. It has gone on for over a thousand years. If people read the **biblical** texts, they **would** spare themselves a great deal of embarrassment and pain.

Is business borrowing wrong?

Christ's parable of the **talents** specifically says that it would have been better for the man who buried the talent to have put the money with the moneychangers, in order to get the owner his interest (**Matt. 25:27**).

This parable relies on a three-way comparison: the entrepreneur who **multiplies** his assets, the investor who gets a conventional rate of return **equal** to prevailing interest rates, and the person who **holds** onto what he has by burying it. The first is preferable to the second, and the second is preferable to the third.

The question is one of dealing with the uncertainty of the future. The entrepreneur multiplies his assets because he has mastered the future; he has seen opportunities where none of his competitors did. He "put his money on the line" and acted in terms of his superior vision. But he **could** have taken major losses had he guessed incorrectly.

The investor has decided to **settle** for the return which a borrower (entrepreneur) was **willing** to pay. The investor did not want to bear the inescapable risks associated with the future. But he wanted his market rate of increase: he was giving up **valuable** present goods in exchange for less valuable future goods, so he could insist on a rate of interest as compensation.

The third man has given his master a **loss**: the money which the master could have received by **giving** the money to the moneychangers. "I should have received mine own with **usury**," the master insisted.

Some **people** are willing to bear risk (borrowers) for the sake of greater gain (pure profit, meaning entrepreneurial returns: "multiplication"). Others want some increase- i.e., do not want to bury their money-but fear entrepreneurship's high risks. So the two kinds of **people** get together, to do the deal. The **result** is greater output for society.

The future must be dealt with. Society rewards those who successfully deal with the uncertain future. What is this

reward? Entrepreneurial profit: the **residual** which remains after all expenses have been paid for.

The risk of taking a debt passes to the person who is **willing** to bear it, while he who is **fearful**, but who sees that burying the good is foolish (except in a mass inflation **situation**—which biblical law prevents), can get his **lawful** market rate of increase. The free market creates a means for the **mutual allocation** of inescapable risk (uncertainty). The free market allocates risk to those who want it, and removes it from those who don't.

Thus, in the parable, the only way for a **fearful** man to increase his master's assets — give his master an increase beyond the valuable present goods that he forfeits when he delivers it to the servant— is to lend out the money. To be a good servant, he had to become a **lender**, or else become a high-flying entrepreneur, who might lose everything.

God does not require fearful people to become entrepreneurs, but he does want some rate of return for having given up the use of His present goods. Therefore, what is not permitted in the parable is to bury the talent.

Do I owe my tithe on **pre-tax** income?

No; you owe the tithe on the after-tax increase in your net worth, including income.

There has been a lot of confusion on this point. God does not tax **capital**, meaning property. He does not **decapitalize** men. Thus, if you begin with five ounces of gold and invest it, and you sell the investment in a year for five ounces, you owe nothing to God. If you get back ten ounces, and the civil government takes two, you owe a tithe on three ounces.

Why not on the gross receipts? Because God does not tax capital. Thus, the first five ounces are tax-exempt. Why not on net profits before taxes? Because you never had legal title to the money. You acted as an unpaid trustee for the government. It extracts its two ounces.

Consider a farmer. He plants a field. The grain comes up. Then the locusts sweep in and devour the crop. Does God expect a tithe on the crop that came up but which was devoured? Of course not. Only what the farmer is able to harvest, over and above the seed corn that he planted, is considered increase.

We should think of tax collectors as locusts. What they eat isn't subject to the tithe.

In the early 1970s, Swedish film maker Ingmar Bergman was taxed 102% of his income for the previous year. Understandably, he left Sweden, as hundreds of other Swedish entrepreneurs have. Had he been a Christian, could the church have insisted that he pay a tithe of ten percent of what he earned before taxes? Obviously not. That would have required him to sell off capital, for the State had devoured his income.

incredibly, some "theonomists" insist that Christians owe

a tithe on **pre-tax** income. Those who say this never deal with the arguments that (1) God does not tax property (capital), and (2) God only tithes on the increase **which** is under the control of the producer, that is, disposable income.

I **sold** my house, paid off the loan, and I have bought a new house. It will take **all** my money to pay off my new house. What do I owe the tithe on?

First, you made a down payment on the first house. I presume that you used after-tithe money to make the down payment. Deduct this from gross receipts: God only taxes the increase.

Second, if your new house cost the same to buy as the old house sold for, then you have not yet made an increase, as far as the tithing man is concerned. You could have swapped homes, after all, with no money changing hands.

If the old house sold for more than the new house, then you owe the tithe on what was left over— your disposable income, in other words. But deduct the original down payment from the increase. The down payment money is disposable wealth, but not disposable income.

Is it wise to leave money to Christian **charities**?

It depends. If you are leaving the money as an endowment, and if this endowment is to be administered by bureaucrats (they always are), then you risk having **incompetent** people or **ruthless**, unprincipled people try to get access to the job. The bigger the endowment, the bigger the prize. A huge endowment historically has meant that the worst sorts of people get control of it. This has been the curse of the big foundations, but also the **largest, oldest**, and least principled denominations. Seminaries and colleges waste money fastest of all: liberals, bureaucrats, and myopic conservatives alone inhabit such institutions.

Big-money people (millionaire types) need competent, creative tax consultation, with an eye to reducing estate taxes, increasing gifts to children, and financing charities today, while they can evaluate their performance. I can put any rich person in contact with such a specialist.

If you are not rich, I suggest that you **locate** a charity whose overall program looks good. Put it in your will, but reserve the option of rewriting the will if the outfit starts waffling.

Better to divide up a large amount of money among numerous charities. They will be less likely to misuse small grants than a large one. No grant should be so large that it creates temptations for full-time bureaucrats to capture control of it. If a bureaucrat starts drooling, you are planning to give away too much money.