

DOMINION STRATEGIES

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I have read many places that it is economically unsound to be in debt at this time, but no one has explained why. Could you give a brief scenario illustrating why it is unwise to be in debt (for example, in buying a house)?

It is unwise to be in debt at this time because God's law prohibits any debt of more than 7 years for any reason. There are no specifically revealed exceptions to this law (Deuteronomy 15). Furthermore, Remans 13:8 says not to owe anyone anything.

The conclusion is pretty clear, isn't it? Maybe I'm missing something.

What astounds me is that every month, without exception, somebody sends me a variation of this same question. And I give essentially the same answer. Pay on your mortgage for seven more years (since you may only have heard about God's rules regarding debt very recently). If you haven't paid it off by then, sell the house. That's what I've done with houses I've owned, to my short-term financial disadvantage. I recommend that you do the same.

Could you give a brief description of each of the devices used by the Federal Reserve System to manipulate our economy, and the net effect of each one upon the economy?

The main implement of Fed policy is its Open Market operations. The Fed can buy or sell the debt certificates of any nation, but it usually buys U.S. Treasury bills (90 day maturities). It creates the electronic computer money supply when it buys them, and de-creates (shrinks) computer money supply when it sells them.

The net effect depends on which stage of the business cycle the economy is, and what speculators do in response. In 1980, when the Fed bought T-bills, thereby increasing money, inflation-fearful investors borrowed money to hedge against more inflation ("Pay off the debtor with cheaper money!"), so interest rates (short-term and long-term) immediately rose. In 1986, when the Fed pumps in new money (as it is doing with a vengeance right now: 200/0 per annum in recent months), interest rates stay low, or even drop lower ("More money to buy the goodies we want, but no price inflation!"). The net effect depends on people's fears, hopes, responses, and the business cycle.

The second tool is the discount rate, the interest rate at which the Fed will loan money to banks. By increasing the money supply, it can lower rates in this phase of the cycle. By lowering the rate at which it makes loans, it can create brief stock market boomlets by increasing investors' confidence in the economy through lower official interest rates. It's a signal to markets that money will remain easily available for expansion.

In the depression of the 1930's, this policy made little

difference. Investors were too pessimistic to borrow money, no matter how low rates got. In the early 1930's, T-bill rates dropped under two-tenths of one percent. It didn't matter how low the discount rate got. The depression stayed.

Is there a tithe to be paid on an inheritance?

It's income, so I don't see how we can avoid paying a tithe on it. It is a blessing, certainly. It is an increase. Give God His share.

What would you advise regarding buying a franchise?

What are you getting for your money? Basically, away to share in name brand identification. How many franchises can you really say do benefit from it? McDonalds? Probably, but you're paying the capitalized value of that name when you buy in. What you have to do as an entrepreneur is to buy the franchise now because you have reason to believe that the name will be worth a bundle after you've bought in.

The franchise may also give you some training. It maybe worth it, but I doubt it. See if you can buy comparable training elsewhere.

What if the franchise fails? Then you've paid for a negative name-brand identification.

As you probably can tell, I'm not very enthusiastic about franchises. I prefer recommending that people get involved in low-capital outlay service ventures and build them with "sweat equity." The people I know who are rich didn't buy franchises. (Some of them have sold franchise deals, however.)

Is it true that the word "luck" is derived from "Lucifer"?

No. The Oxford *English Dictionary* says the origin of the word is obscure, but probably comes from an old Teutonic root. "Lucifer" means light-bearer, and has no connection to the Teutonic.

Is it true that we should not engage in gambling, lotteries, and other games of chance?

Yes. By risking the economic assets that God has given to us on the turn of a card or the spin of a wheel, we are religiously proclaiming our faith in randomness, or impersonal luck, or some sort of satanic intervention from below. We are saying that hard work, thrift, the mastery of our profession, and similar God-ordained sources of wealth are insufficient

to meet our requirements. Instead, we take the assets God has given to us to steward in His name, and we place them at risk in terms of a view of the world that is explicitly rejected by the Bible. We proclaim the sovereignty of another god.

The sign of a declining civilization is its reliance on gambling to sustain it, either personally, ecclesiastically (bingo), or civilly (lotteries). Rushdoony calls this last institution the gambler state. Rome fell to Christianity when its citizens relied on fate or luck for their success in life, as Cochrane argues in his fine book, *Christianity and Classical Culture*.

May tithe money be used to help pay an adoption fee ("ransom")? Reconstructionist friends are saving money to adopt Korean children, and need approximately \$10,000.

Tithe money must go to the church, all of it, no exceptions. If your church decides that using this money to help someone adopt a Korean child is a good use of the money, and if the church pays the fee, or gives it to the couple, then the answer to your question is "yes."

If anyone out there knows of a less expensive way to adopt a Korean child, please contact me.

It is my understanding that it is easier to adopt twin Korean boys, than to adopt female babies. Second easiest is one male. Least easy are females. Americans apparently believe that it will be easier to marry off Korean-born daughters to Anglo males than to find Anglo wives for Korean-born sons. There is therefore much heavier demand for daughters.

To whom does a local pastor pay tithes?

Well, it depends. If he is a pastor in a hierarchical church, he can (and probably should) pay his tithe to his Presbytery or Synod, where he is a member, or perhaps to some other ministry run by the denomination. A pastor in a congregational church can pay it to a missions board run by the church, or to the local church. Ultimately, if the money stays in the local church, then it's basically a numbers game. The local church pays him his salary, adds the money he will repay, and calls the total his salary. To avoid these games, it is best for the pastor to pay to some other agency that is run by the church.

I had a series of bad financial set-backs beginning in 1981. I was ripped off in three business deals and the resulting pressure made my wife ill, leaving me with some unpaid medical bills. I now have a good job in religious work, but it pays little right now, though it requires much time. My wife has three little ones at home and cannot work outside of the home. Do you think that bankruptcy is a Biblical alternative?

It is a Biblical alternative, but not for you.

Here is how your declaration will probably be viewed by your legally stiffed creditors. "This deadbeat is some sort of a Christian. These Christians are always full of big talk about

God's work, but they never seem to pay their bills on time. They use God as a crutch. They are irresponsible. You can't trust them." Not a good testimony.

In the Old Testament, the debtor was sold into slavery in order to get the debt paid off. The man who bought the debt slave paid the creditors, and then he worked the slave to get back his money. The slave owner regarded the transaction as an investment. He could work him until the seventh year, the year of release.

That is how God looks at bankruptcy: unfavorably. It should be regarded as a last resort measure. The man who declares bankruptcy had better not be living in middle-class comfort. He had better not have any more disposable income than a Hebrew slave would have had, that is, minimal food, no entertainment expenses for up to seven years, a cheap apartment in a cheap neighborhood, an old car, and so forth. Everything must be sacrificed except his children's tuition payments at a Christian school. He had better live that way for seven years, using every spare dime to pay off his creditors, whether he declares bankruptcy or not.

Your responsibility now is to quit your low-paying ministry, get a better-paying job, or maybe two jobs, work like a maniac, and get your creditors paid off. Then you can go back to your ministry.

What you would do by declaring bankruptcy is simple: you would force other people who owe you nothing—quite the reverse—to support you in relative comfort while you "do the Lord's work." They forfeit the money you would have had to earn by going into a better-paying job. If the Lord's work is really that important, then get those who are presently supporting you to pay off your creditors, and then you pay off your present employers. Let them take on the risk with their eyes open. If they won't do this, then your ministry really isn't that important in the eyes of your institutional superiors (i.e., employers). Don't force those who sold you a service in good faith to be compelled to finance your ministry indirectly.

The Lord's work for you is whatever it will take to get the debts paid off.

This doesn't mean that you shouldn't try to bargain with them. Maybe they will take less. Maybe you can set up repayment at zero interest, or some other reduced payment program. But it should be their option to extend mercy to you, not your option to use the civil law to "stiff them in the name of Jesus," for that's how it will be perceived.

I have never heard of "annual gifts" to wives. Could you explain this?

The Internal Revenue Code allows any person to give any other person up to \$10,000 per year without creating any tax consequences for either the giver or recipient. Husband and wife together can give up to \$20,000 to each child annually without creating any gift tax problems. My wife and I give money each year to our children's trust. If we had enough money, we could give \$80,000 a year to the trust, divided four ways, without causing a "taxable event."

Wives, have your husbands do this every year. Set up your own bank account, savings program, or whatever. Get your own independent capital base. Learn how to invest. Use your own personal account to make premium payments on the life insurance policy you own on your husband's life.