

# TENTMAKERS

Financial Counsel for Pastors, Deacons, and Seminarians

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## THE ECONOMIC WRINGER

By Gary North

The 1980's began propitiously. Gold shot upward to over \$850 per ounce, silver peaked at \$50 per ounce (up from \$1.29 in 1971), then skidded to \$11, the prime rate hit 20% and then fell within a few weeks to 14%. The average American is rightfully confused. **What is going on?**

"What is going on?" is the wrong question. "What is coming down?" is more to the point. The international monetary system, the world trade system, and the American economy are facing disruptions that haven't been seen in peacetime since the early 1930's. What is even more significant, the general public seems to sense the coming of an economic catastrophe. The optimism of the early 1960's is long gone.

This very pessimism may be sufficient to bring the economy to its knees. We have been told by political liberals, government and university economists, and other subsidized supporters of modern Keynesian economics, that "the dollar is backed up by confidence; gold is no longer needed." Now, however, gold backing looks a lot more trustworthy than public confidence; unfortunately, that gold backing is also long gone. And if you are looking for reasons why public confidence in the dollar has been undermined, the absence of gold backing is a very good place to start looking.

Pastors are to some degree insulated from unemployment, so they can expect to see their paychecks each month. This is also the case with the vast majority of church members. White, middle class, married heads of households are very seldom laid off, unless everyone in the industry is being threatened with unemployment. The bulk of the unemployment is borne by black teenagers, as a direct result of minimum wage legislation. (In the early 1950's prior to the passage of minimum wage laws, black teenagers and white teenagers had about the same unemployment rate, about 8%. Today, black teenage males suffer from unemployment rates of 30% or more, triple or quadruple the white teenage unemployment rate. Are we to believe that there was less racial discrimination in the U.S. in 1952 than today? Or should we blame some other factor?) Therefore, ministers of white middle class congregations have little to fear from a recession as such.

What they need to fear is the government's response to a recession. The American public believes in the religion of statism. The voters believe that the government can cure a recession. They have been told this for two generations, first by New Deal politicians, and then by New Deal defenders in government-subsidized textbooks. They believe it. When the recession begins to cause bankruptcies, the public will clamor for the government to "do something." The government will then do what it has always done best run huge deficits, and finance a part of these deficits with the creation of fiat money. What the recession will produce is the mess Inflation of the 1980's.

### pastors and Inflation

There is hardly a single profession which is less likely to benefit from price inflation than the ministry. Ministers are not supposed

to demand higher wages while other members of the congregation are being squeezed unmercifully by mass inflation. There will always be such members, especially retired people. So the ministers' wages lag behind the rise in prices. Because basic necessities keep getting more expensive, contributions tend not to keep pace with price rises, since most members regard their donations as part of their discretionary income—leftover funds after the bills are paid. This spells trouble for most congregations.

White collar professionals tend to fall behind during mass inflations. Teachers are especially vulnerable, but so are Civil Service employees, salaried engineers, and other people who are not paid in terms of commissions. The minister is no exception. These people are subject to increasing pressures to balance their personal budgets, since the Federal government is unwilling to balance its budget. What we can expect to see is increasing alienation between white collar voters and the politicians. Since men have learned in public schools that the government can solve the fundamental economic problems, and since the government seems unwilling (actually, it is unable) to do so, the voters feel betrayed. They blame the special interests. They blame **conspiracies**. What they don't blame is the basic error, namely, that governments are able to cure depressions without creating inflationary crises, or that they can cure inflation without creating a recession or price controls—induced shortages.

Pastors then have an added responsibility placed upon their shoulders. They have to smooth over the increasingly dangerous feelings of class hatred, racial hatred, and cynicism toward authority in general. They have to be able to redirect these predictable hostilities into the proper channels. What men ought to hate is bad economics. What they ought to hate is government confiscation through monetary inflation. What men ought to hate is the whole theology of modern statism, the religiously held belief that government is the most important instrument of human welfare.

The race riots in Miami were predictable. For three years, in my personal financial counseling with people living in Miami, I strongly recommended that they sell their homes and move. The city is a powder keg. Wherever you see concentrated populations of welfare recipients, you see a potential social bomb, for these people have been lured into a trap. They have been told that their only means of economic advance is to rely on the Federal government, that without the Federal government, they are helpless. Now, as the Federal government loses its grip on the economy, these groups will be threatened with a dead-end. Their public benefactor, the civil government, has failed them. We can expect violence.

How is a pastor to cope with this problem? By preaching against capitalism, the free market, and personal responsibility? By preaching that Christians have a moral obligation to pressure government to do even more for the poor? To preach guilt-producing sermons that blame middle class church members for the

plight of the poor? Or should they preach sermons showing how a false theology of salvation through legislation has created an unprecedented crisis in the post-Vietnam world?

Pastors can expect to be faced with decisions regarding the proper use of church resources. If an elder gets fired, should the deacons see to it that he receives enough money to allow him to keep his upper middle class home and his year-old automobile? If some elderly person is squeezed by the price inflation, should the deacons intervene to add supplemental income? Should Social Security recipients be encouraged to get off the dole, to cease relying on a government apparatus which is going bankrupt? Will the church be able to replace the Federal money which is flowing to many church members? Should it attempt to replace this flow of welfare money?

Congregations whose pastors have never preached sermons regarding personal responsibility, voluntary charity, economic crises, and the role of the institutional church in hard times, may become disenchanted with any pastor who begins to preach on economic subjects. Since few pastors have studied the Bible's explicit teachings on economics, they may find themselves in over their heads when they begin to analyze the economy from a Christian point of view. Yet if they remain content to preach the same old sermons on the same old topics—the ABC's of faith, repeated endlessly—then the pressures of the economy are likely to overwhelm their ministries and the daily affairs of their congregations' members.

#### Economic Answers

In good times, pastors think they can avoid the topics that become the key ones when bad times hit. It is understandable that pastors in the 1930's failed to spend much time preaching sermons that might have been uplifting in World War II. We worry about today, whose evils are sufficient. However, a sermon relating to basic economic principle is as useful and as valid as any sermon dealing with principle. It is time for pastors to familiarize themselves with the fundamentals of Christian economics. If their congregations go into the 1980's without at least a passing familiarity with the Bible's explicit teaching on economics, then the pastors are going to be faced with a whole mountain of mini-crises as the economy unravels.

A lot of nonsense is written in the name of Christianity, and even in the field of economics, there are examples of economic quackery that are called Bible-based economics. Much of the literature of the so-called "Social Credit" movement has been labeled Christian, by both conservative, traditional Roman Catholics (e.g., Father Coughlin's sermons of the 1930's and 1940's) and British Israel advocates. These books are simply crude versions of Keynesianism, without the graphs, equations, and footnotes. Occasionally, we find not-so-crude versions of Keynesian palmed off on unsuspecting readers as Christian treatises. Even medieval guild socialism is preached. We even find outright anarchism being called Christian economics. What pastors have to do is to search the Scriptures for guidelines to economic affairs, and what they will find is a program of personal responsibility, voluntary exchange, and some minimal requirements for the civil government to maintain honest

weights and measures and punish fraud. It is the principle of voluntary charity, not coercive wealth redistribution, which is basic to the Bible's treatment of economic matters. Christian socialists, like Christian Keynesians, have a distressing tendency to make grandiose statements about the Bible's call for social justice, - and then conclude, without a single biblical reference, that the State is the preferred agency of social justice, meaning increased taxation and more regulation of the market.

If people feel themselves to be helpless pawns in some huge economic chess match, they will predictably turn to conspiratorial solutions to their problems. It is not enough to understand that this or that group has benefited from hard times, or that this or that group may have even manipulated the economy. Knowing that evil people have profited from one's hardship does not answer the more important economic questions. The proper questions are these. First, how did the economy get this way? Second, which groups have profited? Third, in what way did they profit? Did they simply predict the future, or did they actually manipulate the economy? Fourth, was the civil government involved? Fifth, if it was the civil government's interference in the free market which brought on the crisis, and enabled some groups to prosper, then what biblical principles can we find that could stop these crises from taking place in the future? In short, what can we do to reconstruct political economy along biblical lines that will reduce the likelihood of future shocks?

Personalizing one's enemy is only part of the answer. We know that the devil goes around like a raging lion, seeking to destroy whom he may. Fine, but so what? The important question is not the identification of this or that raging lion as the devil. The important thing is to get all raging lions locked up, where they can't do much harm. We have knowledge of these lion-taming, lion-chaining implements. They are the laws of the Bible. The application of biblical law to society is the way we reduce the threat of devouring lions.

It is a mistake to explain our plight in terms of impersonal, inevitable forces. It is also wrong to explain our plight in terms of evil conspiracies. There are always "forces" lying around, and there are always conspiratorial groups seeking to tear down Christian civilization, or civilizations anywhere else. What we need to know is the nature of the interrelation between personal forces (conspiracies), social patterns, civil governments, and biblical law. If biblical laws in the field of banking, for example, would reduce monetary inflation, no matter which family or group controlled private banking, then banking conspiracies would be rendered impotent.

We have to understand biblical law. We have to understand economics. We have to reduce our reliance on Federal bureaucracies to protect us from competition. We have to abandon a theology of salvation through law, meaning Federal legislation. Until our churches are committed to a comprehensive rethinking of the modern economy, in terms of biblical revelation, then Christians will be tossed around on the raging sea of economic turmoil. The economy is going to get far worse in the 1980's, and pastors had better be ready to provide biblical answers for economic problems. Leadership requires informed solutions.

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