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HEADLINE OR BREADLINE DEPRESSION

The headlines are on the front pages: "Worst Unemployment Since 1941!" People are asking themselves, "Are we headed for a depression?" The answer is "yes." Question: Which kind of depression?

When most people think of "depression," they have in mind the grinding poverty of the 1930s. The word conjures up images of breadlines, unemployed men selling apples on street corners, migrant laborers drifting from town to town (in old automobiles), looking for part-time work. It also calls other grim scenes into mind: labor union confrontations with businesses, marches on Washington, and demagoguery of all kinds, from Communism and fascism, to economic solutions of every conceivable variety, and all of them involving more intervention into the economy by governments.

The problems we face today are similar, yet different. We face tight money and high unemployment. We face bankruptcies at record levels. But we also face bankrupt state treasuries, and a nation of voters who have learned to distrust civil government, even though they know no other emergency source of solutions. The international economy is threatened by the Soviet Union's strategy of cutting off sea lanes around the world, plus a world currency system that nobody understands. A decade and a half of price inflation is behind us, and the public's "inflation psychology" has yet to be broken. We are a service economy today, not a manufacturing economy, and it is the manufacturing sector that is in deep financial trouble. The recession is not hitting all sectors equally.

The most important difference between 1982 and 1932, however, is intellectual and moral. The future-orientation of people living in the 1930s is steadily declining. Ours is a world of "Eat, drink, and be merry." The concept of thrift has been changed — by high taxes, inflation, a loss of faith in the future, and years of propaganda from Keynesian economists about the need to "get consumer spending up, not the savings rate." The easy availability of credit, not to mention tax breaks for interest payments, has made up a nation of debtors, and now these credit lines are drying up, as everyone is trying to go into debt in order to "stick the lender" with depreciating paper money in the future.

The Keynesian revolution was a real intellectual revolution. "In the long run, we are all dead," Keynes once said, and his economic system was built upon this underlying presupposition. The Keynesians are falling out of favor today, as inflation continues, unemployment rises, savings rates fall, and economic growth disappears everywhere except in Japan and the newly industrialized Far East. Faith in the nostrums of the 'thirties through the mid-'sixties is declining, but no single alternative economic philosophy has replaced the faltering Keynesian hypothesis. As the "Reaganomics" experiment appears to be headed for a crash apolitically, if not economi-

cally — and the monetarists (followers of Prof. Milton Friedman) seem to have no politically acceptable short-run solutions either, we can expect the crackpots to find audiences once again, Especially in Congress.

Christian Leadership

This is a moment of great opportunity for Christians. If they are ready to set forth biblical alternatives to the existing economic methodology, they will be able to gain followers. The problem, predictably, is that Christian scholars have ignored the whole question of a distinctly Christian economics for far too long. The leaders have accepted some version of humanistic economics, or no economics at all. Now that all versions of humanistic economics are faltering, on both sides of the Iron Curtain, Christians are not in a position to take advantage of this vacuum of intellectual confidence.

The world has adopted a religion of statism. All over the world, men have put their faith in central economic planning, or the mixed economy, or economic fine-tuning by experts hired by the civil government. Now that the results are becoming unpleasant, the world faces a terrible crisis. Its capital has been consumed by the State by levels of taxation four or more times higher than the tithe. Men have assumed that the State would take care of them in their old age, so they have saved less, planned short-term, and have failed to build up reserves, financial or emotional. Now that the treasuries are nearly empty, the State finds that it has "a tiger by the tail," to quote Nobel Prize-winning economist, F.A. Hayek. If it stabilizes money, it gets a recession. If it gets a recession, the treasury is drained of funds. Receipts lag behind expenditures. Interest rates go up, since the State has to borrow the funds. High rates thwart the economic recovery; business falters, and we get a depression. The State cannot bail out the economy without mass inflation this time, as it did in the Great Depression: it is too far in debt, and its currency is too far gone to be trusted if the State returns to a policy of monetary expansion in order to finance the deficits. The reservoir of confidence that Roosevelt dipped into is gone. No one trusts Washington any more.

A Messiah

This erosion of confidence in conventional political programs, which the advent of one-term Presidents points to, poses a major problem: the advent of unconventional political programs. People are afraid. The constant disruptions of the economy wipe out people's savings. They buy gold to hedge against inflation, and the government puts on the monetary brakes and forces down the price of gold. But the recession

also pushes the economy into a recession, so the government reinflates. The roller coaster ride continues. People want to get off; they can't. Eventually, they are tempted to vote for a person who promises solutions: programs of State-enforced stability.

The messianic impulse runs deep in men, leaders and followers. The hope of a messiah who will renovate the cosmos is with us still. The statism of our generation reflects this ancient faith. But the impersonalism of statist salvation no longer creates confidence. Ours is a God-created universe, a universe of cosmic personalism. Men want to believe in something, but even more important, they want to believe in someone. This is a threat to our freedom in an era of instability, which are always eras of apostasy and paganism. The faith in the impersonal bureaucracy of the State, and unconventional politics, is almost gone; the next step is a revival of conflict. When we get social instability, we also get back old-fashioned stability — a stability that was the product of Christian faith. But men do not want Christian faith; they want only stability. So they settle for a compromise: archaic religion — in short, fascism.

Covenantal Economics

Deuteronomy 28:1-14 lists the blessings that come from covenantal faithfulness. Verses 15-68 list the curses that come from covenantal unfaithfulness. This is a world of cosmic personalism. God does indeed set forth laws of economics. These laws are part of a more comprehensive framework, a framework I have called the dominion covenant.

A pastor does not have time to master economics. But he does have time to become familiar with biblical law. When men are shown the existence of a link between covenantal faithfulness and covenantal success, they will be able to assess the implications of God's world. They are beginning to see what happens in families in which God's law is not honored. The problem is, pastors who can offer biblical solutions to marital problems are unfamiliar with biblical solutions to economic problems — not just personal economic problems, but national and international economic problems.

What we need, first of all, is a restoration of confidence. When Franklin Roosevelt said, "The only thing we have to fear is . . . fear itself," he had a good psychological point. When men are fearful, they become paralyzed. They cannot take effective action if they are afraid, and if they have no idea what to do.

Men need to know that prayer can change external events. They need to know that long hours of hard work generally pay off, assuming the hard work is not unwise or misinformed work. The Book of Proverbs is filled with examples of diligence and sloth. Diligence pays. Men need to know this. They need to know that the universe is not a "stacked deck" — a hostile, or impersonal, or essentially unfair creation. They need to know that they are not alone. There is a covenant with God, which in turn links them to other men. They need to know, in short, that God has not brought them

into the wilderness in order that they might perish, assuming they trust in God and are not ethical rebels,

Fact: the work ethic is very nearly embalmed today. Businesses are still hiring people who work 10 hours a day, hard, and who do not steal, cheat, or make passes at secretaries. This is why the Christian still has a competitive advantage. If he is enthusiastic in his work, he can find a job. He may have to move if he lives in Michigan, Oregon, or Washington State, but most people are employed most of the time. If unemployment is at 15%, then employment is at 85%. Problem: he may not be able to work for enough to maintain his style of life, especially if he is in debt. This is a good reason not to be in debt. A job is more important for a person's ego than status. A "step downward" in income is better than bankruptcy.

Headline Depression

The politics of recession is simple: reinflate. We will be treated to eye-catching and newspaper sales-producing headlines concerning depression and economic crisis, but the Federal government can keep the banks open and the money flowing. Of course, the money will be depreciating steadily. But it will flow.

This means that we should not expect the return of breadlines — not on the scale of the Great Depression. Not for a while. When mass inflation returns, when price controls create shortages, when the black market becomes "the only game in town," then we can expect to see the return of breadlines. Also riots, fear, and envy. But by then, the word "depression" will not be in the headlines.

Between now and then — between recession and inflation — there could be hard times. This is no time to get overconfident. But the politicians are not going to allow this economic crisis to turn into a deflationary depression. Unemployment, yes; bankruptcies, yes; high interest rates, yes, but not deflation. They have the printing presses and the paper; they have the ink. They may not have much else, but they at least have that.

Conclusion

The economic issues are not going away. They will remain on the front pages. The pastor who is wise will begin to devote more time to improving his knowledge of basic Christian economics. To be ignorant in this area is a form of self-inflicted irrelevance. The Bible speaks to the issues, so it is ridiculous for Christian leaders to remain ignorant. They are in a better position to offer guidance to their congregations than some local editorial writer. They can speak with greater authority than the anchor man on the 6 p.m. news.

(My economic commentary, *The Dominion Covenant: Genesis*, is now available from the I.C. E. [\$15.95]. This is a good place to begin any study of what the Bible has to say about economics.)

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