

Faith for All of Life
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FAITH FOR ALL OF LIFE

PROCLAIMING THE AUTHORITY OF GOD'S WORD OVER EVERY AREA OF LIFE AND THOUGHT

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The Road to Slavery

Christopher J. Ortiz

“The drive for power knows no limits; its rationale is to be as god, and hence it is itself law in its every wish. Total warfare, in and out of war, and total conspiracy have as their goal *total control*. This means the control of men through their minds, which is achieved by controlling news media, schools, and churches, and also the control of men economically, in particular through the control of money.”¹



This telling citation reveals the comprehensive strategy of tyranny, or total control by the state. Man’s will to be as god (Gen. 3:5)

is fulfilled by statist rule over every sphere of life. In some ways, besides education, the control of money is the central means to statist dominion. This is why we’re devoting this issue to the topic of inflation.

The average American yawns at inflation because he or she does not understand its meaning nor its insidious purpose to enslave a free republic. “John Q” Citizen thinks inflation is a phenomenon that “just happens,” and politicians do what they can to fight it. This could not be further from the truth, as Rushdoony notes:

[A]lthough politicians may promise a balanced budget, they are more likely to gain the power they desire by increasing debt, for in a debt-free country, the citizenry is strong and the civil government is limited. In a debt-ridden country, taxes increase, liberties decrease, and the civil government, increasingly less responsive to the will of the citizenry, increases its own power over the people even as it vastly enlarges the power of the invisible government over all. All in all, it is clear that debt is the road to slavery, and the Christian, both as a person and in his organized society, must recognize the truth of Scripture when it orders, “Owe no man anything, but to love one another.”²

There is a clear link between the bankruptcy of the world economy and the moral bankruptcy of the world’s population. Therefore, Rushdoony writes, “we cannot restore our economic order without first of all restoring moral order.”³ The economic immorality in the United States is seen in our public shift from production to consumption; and this is encouraged by the debt-ridden state.

Debt equals slavery, and a consumption society pursues borrowing to furnish its illusion of the good life. (In actuality, it’s like remodeling the slave’s plantation quarters.) Whereas God graces us out of His abundance, modern man graces himself by borrowing. Therefore, we are unable to extend God’s abundant supply (*i.e.*, the tithe) to the needs of society because our labors are consumed in paying off interest-bearing personal debt. This is made worse by the exorbitant taxation of the state to pay its insurmountable debt.

In Orwell’s dystopian novel, *1984*, the main character, Winston Smith, discovers the real agenda behind the tyrannical control of Big Brother and the “inner party.” It is an economic agenda. Aristocratic elites seek to preserve their way of life by suppressing the middle and lower classes through the consumption of productivity. Since the state cannot outlaw productivity without inspiring revolution, it insidiously “consumes” production by perpetual war (you can’t eat a tank, and guns don’t

build hospitals), inflating the economy, and abusive taxation. And as his *Animal Farm* found fulfillment in the now defunct Soviet Union, Orwell’s *1984* is presently carried out by an elitist drive to world socialism.

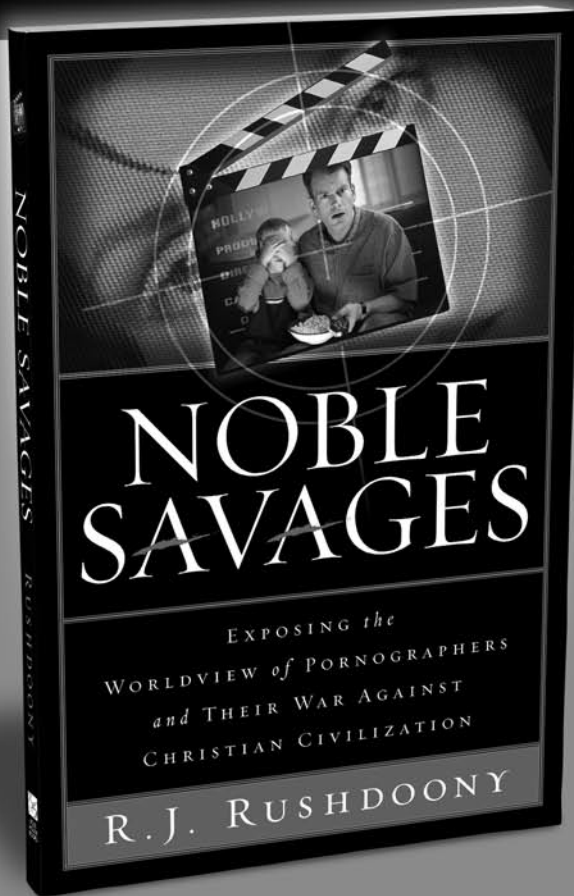
However, our motive in this issue is not to simply “expose” an economic cartel — this has adequately been done for decades, but to awaken our readers to the statist tools of dominion. We want to remind the Christian that only a return to Biblical faith can undo the works of darkness and establish the reign of our King.

No “Money Trust” can be destroyed merely by exposure or by knowledge of its existence. It can be rapidly destroyed as people take seriously their faith in its every aspect and submit themselves to the sovereignty of God and His word.... For even a limited segment of evangelical Christianity to adhere to these principles would have a shattering effect on any “Money Trust.”⁴ ■

1. R. J. Rushdoony, *The Nature of the American System* (Vallecito: Ross House Books, 2001), 164-165.
2. *Ibid.*, 168-169.
3. R. J. Rushdoony, *Larceny in the Heart: The Economics of Satan and the Inflationary State* (Vallecito: Ross House Books, 2002), 2.
4. Rushdoony, *The Nature of the American System*, 172.

Pornography is more than a battle against morality – it's a war against Christian Civilization.

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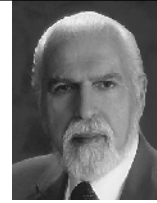
This \$57 billion dollar industry is swallowing peoples worldwide as its revenues exceed that of professional football, baseball, and basketball combined. Statistics reveal that upwards of 40 million American adults regularly visit over 372 million published pornographic web pages. How did we get here?

In the “free love” decade of the 1960s, the New Left refashioned pornography into a new image — the symbol of moral freedom. What was once sold “under the counter” as filth was now celebrated as the literary symbol of liberation from God and His law-word. This refashioning was nothing new. It was but an echo of the liberation theology of the Marquis de Sade — the 19th century *perverset de France* (1740-1814).

In 1974, R. J. Rushdoony, wrote, “[T]his new pornography, first conceived by Sade... will not be eliminated by moral indignation or by legislation.” Rushdoony recognized that the roots of pornography in modern culture are essentially religious and must be combated religiously.

In this powerful book *Noble Savages* (formerly *The Politics of Pornography*) Rushdoony demonstrates that in order for modern man to justify his perversion he must reject the Biblical doctrine of the fall of man. If there is no fall, the Marquis de Sade argued, then all that man does is normative. Rushdoony concluded, “[T]he world will soon catch up with Sade, unless it abandons its humanistic foundations.”

In his conclusion Rushdoony wrote, “Symptoms are important and sometimes very serious, but it is very wrong and dangerous to treat symptoms rather than the underlying disease. Pornography is a symptom; it is not the problem.” What is the problem? It’s the philosophy behind pornography — the rejection of the fall of man that makes normative all that man does. Learn it all in this timeless classic.



Debt

(Reprinted from *Larceny in the Heart: The Economics of Satan and the Inflationary State* [Vallecito, CA: Ross House Books, 2002], 75-78).

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Debt and inflation are almost synonymous. All inflation is a form of dishonest debt. Basically, inflation is an expansion of the money supply by the state. This expansion is essentially through the following means: *First*, the coinage is debased, and/or the paper money is increased and is without backing by gold or silver, or has fractional backing. *Second*, deficit financing uses funds exceeding the income of the state to increase the spending power of the state. *Third*, bond issues, or debts, likewise increase the money supply.

However, before a state or civil government can embark on an inflationary policy, *i.e.*, on a way of life to which debt is basic, a population addicted to debt is necessary. If there is no excessive nor long-term debt, there is no inflation.

The Bible forbids long-term debt and limits debts to six years, and for serious reasons only. The seventh year must be a Sabbath unto the Lord, from debt, among other things (Dt. 15:1-6). As a general rule, we are to “Owe no man anything, but to love one another” (Rom. 13:8). God declares that debt is a form of slavery, and “the borrower is servant (literally, slave) to the lender” (Pr. 22:7).

In the modern world, however, debt is a way of life, for not only unbeliev-

“[T]he roots of our present crisis were present then (early 20th century). The churches had no concern with preaching or teaching the laws of Scripture relative to politics, economics, education, and much else. As a result, the churches helped rear a generation which is now actively destroying all the foundations of Christian civilization.”

ers but churchmen, and for churches and Christian organizations. Debt as a way of life has deep roots in sin, in pride, envy, “and covetousness, which is idolatry” (Col. 3:5; c.f. Eph 5:5; 1 Tim. 6:17). It is not only absurd but immoral for a debt-ridden people to complain about inflation and the federal debt. It is like hearing one devil complain about another devil’s love of sin.

Because debt is so deeply rooted in sin and idolatry, debt and its consequence, inflation, are especially morally and religiously destructive. An inflationary society is an immoral and degenerate society, and it will see, as its natural concomitant, every other kind of depravity flourish. No more than we can restrict a raging forest fire to bad trees, or to certain areas, can we restrict the scope of inflation and limit its influence to economics. Inflation affects more than economics, because debt has its roots in far more than economics.

Inflation and debt also affect the nature of power in a society. *First*, in

an inflationary economy, it is not the thrifty, hardworking man who flourishes, but the debtor (at least, for the time). The moral foundations of society have been shifted to favor the worst element. In every area, as inflation is stepped up, the scum tends to rise to the top. The sympathies of society favor this degenerate element. *Second*, production gives way to consumption as the primary concern of the people. *Third*, there is thus a power shift in society, from godly men to ungodly men, from the thrifty to the thriftless. Spending becomes a personal and a political virtue. *Fourth*, the power to make or break the social order passes into the hands of debtors. General Lewis W. Walt (USMC, Ret.) has called attention to this most tellingly. When the U. S. Establishment (banks, civil government, etc.) has extended massive loans to states, firms, and organizations at home and abroad whose ability to repay is limited, then in time these borrowers control the Establishment and the United States. They can threaten to default on their loans and create economic disaster for the U.S. The response, then, is to give them even more! Thus, in the 1940s, Aramco sold oil to the Japanese at a lower rate than to the U.S. Navy, and American bankers supported the Panama Canal giveaway, hoping that its revenues might help Panama to repay them.

The conclusion of all this is the destruction of the social order. Even those who see the immorality of long-term debt finally join the crowd, to exploit the opportunity, and destruction

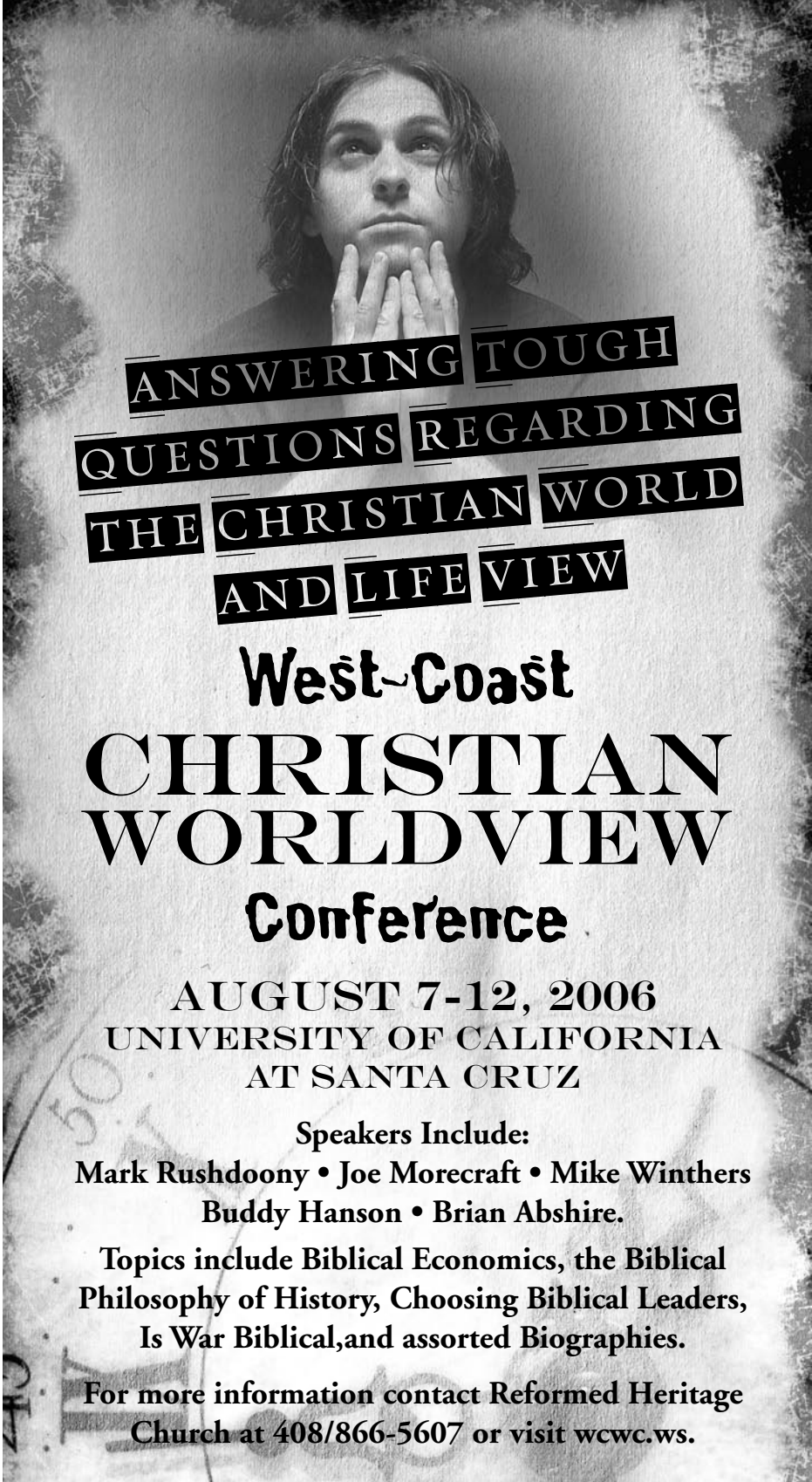
becomes their common lot.

It becomes apparent why Scripture takes so strong a position on debt: it is a moral and a religious issue. *First*, we have seen, debt is basic to inflation, and it is responsible, in all the moral compromise debt involves, for the immorality which marks an inflationary era. *Second*, we are forbidden as Christians to become slaves, and debt is slavery. "Ye are bought with a price: be not ye the servants (or, slaves) of men" (1 Cor. 7:23). *Third*, not only are we God's possession and property, and hence cannot become slaves of men, but our time belongs to Him: we cannot mortgage our future to men by means of debt.

To live debt-free, except for emergency conditions, or a short-term (six-year) debt to pay for our house, farm, or business, means to live *providently*. It means weighing the moral considerations in every expenditure. It means also to live content with what we have; living in contentment is impossible if the goal of our living is consumption, things we want to possess, rather than in terms of glorifying God and enjoying Him forever.

Those of us who can recall the era prior to World War II can remember that debt was then very limited among most people, although business debts had begun much earlier to expand. Pietism had limited morality to the personal spheres and hence moral men were readily immoral in the political and economic spheres. In the 1920s and 1930s young married couples did not go into debt readily, and their homes were largely unfurnished as a matter of course. The idea of having everything at once was clearly not in favor.

However, the roots of our present crisis were present then. The churches had no concern with preaching or teaching the laws of Scripture relative to politics, economics, education, and much else. As a result, the churches ■



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Larceny in the Heart: The Immorality of Modern Money and Economics

Mark R. Rushdoony



Larceny in the Heart: The Immorality of Modern Money and Economics

Mark R. Rushdoony

When a state “creates” money without backing it up with any real, tangible asset (such as gold, or land), is it a sin? Even worse, is it a sin which forces all of the state’s citizens to be involved in it whether they like it or not — simply because they have to use the fiat money?

The gospel of Jesus Christ indicates that man’s problem is sin. As a rebel against God, man fails to understand his circumstance or his need. Until man acknowledges his moral problem, he rejects its solution. It is not enough to confess the presence of sin in general when we are aware of specific personal sins in our lives.

The need for moral examination also exists on a social scale. For example, much of the debate over abortion focuses on the inherent immorality of both the practice and the 1973 *Roe v. Wade* decision. We need this degree of moral examination in all areas of our lives as individuals and as a society. We must look at the moral questions behind issues. This includes money.

In 1982, my father’s *Roots of Inflation* dealt with the immorality of modern money and economics. When

we republished the book in 2002, we renamed it; few these days are interested in the issue of inflation or its causes. After all, we have grown up with inflation. Inflation is seen as a given, part of the inscrutable mystery of modern economics. We retitled the republication *Larceny in the Heart: The Economics of Satan and the Inflationary State* to draw attention to the root issue, which is theft.

What is Inflation?

Inflation is an intentional act of fraud by the state on its people. Inflation occurs when the state increases the money supply with a worthless commodity so it can get something for nothing, or at least very little. When money was gold and silver coin, governments increased their spending power by debasing the precious metal content of the coins. They would add cheap metals so the coins contained less gold or silver. Paper money began as an I.O.U. redeemable for gold but became an inviting means of increasing the money supply. After all, what is to stop a government from printing paper money or notes representing two, ten, a hundred or thousands of times its wealth? And now with computers, monetary units can be created without the need for even paper or ink. They can be added electronically to the money supply.

A private bank is limited in its ability to issue paper. The value of its I.O.U.s depends on their perceived value by the public. When governments inflate, however, that free market is removed. “Legal tender” laws require people to accept costless government money. Such notes say “This note is

legal tender for all debts, public and private.” The I.O.U.s have now been deemed “money” by the government. The government has ordered their valueless notes to be accepted as money. How can they do this? They call it “fiat” money. It is money because the government says it is.

If you or I inflate the money supply, we are counterfeiting. It is, of course, a form of theft to take something of no value, claim it has real value, and exchange it as such. Counterfeiting is a serious crime, which is why it is reserved as a government monopoly. However, the legal tender notes are used at face value by their creator, the government, through the same counterfeiting means. It is a means to power that is more easily tolerated than taxation.

Inflation is Anti-Property

Money should do more than represent wealth; it should be a form of wealth. This is one advantage of using gold as the standard value of money: gold cannot be artificially made. It is a rare commodity for which a market value is easily determined. Because money ought to be a form of wealth, debasing money was condemned by Isaiah. When he said of Israel, “Thy silver is become dross, thy wine mixed with water...” (1:22) he was condemning larcenous dishonesty. The Israelites had a debased coinage full of cheap metal, so identifying the amount of silver in a coin (and thus its value) was difficult, which encouraged fraud in the marketplace.

Inflation destroys the value of money. It is like putting water in wine; although you increase the amount of

Defeating humanism requires a working knowledge of the economics of man.

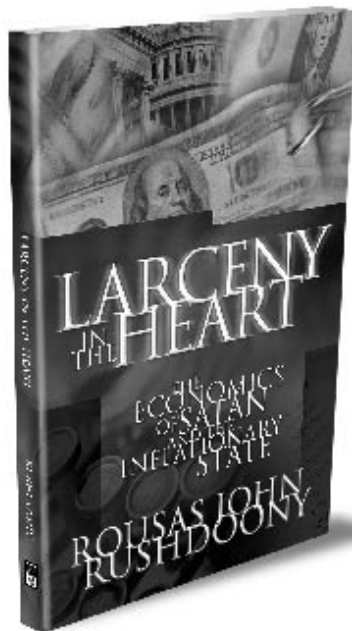
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Larceny in the Heart:
The Economics of Satan and the Inflationary State
By R.J. Rushdoony

In this study, first published under the title *Roots of Inflation*, the reader sees why envy often causes the most successful and advanced members of society to be deemed criminals. The reader is shown how envious man finds any superiority in others intolerable and how this leads to a desire for a leveling. The author uncovers the larceny in the heart of man and its results. See how class warfare and a social order based on conflict lead to disaster. This book is essential reading for an understanding of the moral crisis of modern economics and the only certain long-term cure.

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liquid, you decrease the value of the wine. When money is “watered-down” an economy must stay ahead of the devaluation. Wealth — if measured in terms of a currency that is losing value — has to be constantly increased just to keep up with inflation.

Instead of being based on savings (capital), an inflation economy is debt-based. It represents a government debt that will never be repaid and it encourages individual debt. If the money is worth less and less, it pays to go into debt and pay off the debt with cheaper dollars. Debt outpaces the return of savings and the individual becomes dependent on debt and inflation rather than work and thrift to accumulate wealth. When the government creates fiat money it turns nothing into an asset. When individuals try to preserve their spending power, they have to try to convert their liability (watered-down money) into an asset. Debt becomes a means of doing this.

Capitalism is predicated on the eighth and tenth commandments, which protect private property from theft and forbid covetousness, thereby requiring work and thrift for the accumulation of wealth. Government inflation encourages debt as a means of out-pacing the depreciation of money. Every time the state creates money out of thin air, all the rest of the fiat money it has created is worth a little less. During inflation, saving is fruitless, even foolhardy. You would be investing in the future of a depreciating commodity. Debt and speculation are encouraged. To preserve wealth we must gamble on a rate of return that is more than the depreciation of our money. Methods of calculating vary, but some economists say our U.S. dollar has lost at least 95% of its value since the Federal Reserve Act passed in 1914.

All the fiat money has cost the government nothing. When it enters our

money supply it is actually a universal tax, because we all pay when our wealth is devalued. As the creator of fiat money, the state has gained massive economic political power. Moreover, money, rather than the creation of wealth, becomes the fuel of the economy. This is the reason why the actions of the Federal Reserve (which, though ostensibly a “private” institution, has been granted government power by the state) are watched more closely by investors than any aspect of our economy. Our economy is based upon debt, which requires a constant cash flow. Like a drug addict, our economy is now stimulated by the cash flow generated by the Federal Reserve. If the flow of fiat money is interrupted, our economy goes into convulsions, so we continue the suicidal flow because the cure is too painful.

Fiat money is also socialistic. The state distributes the money and thereby increases its power. Because money represents wealth, a government’s fiat money represents governmental control of wealth. Congress does more than buy votes through entitlements and pork-barrel projects; it buys power. Power is the motive behind all inflation; it is the theft of wealth by which the state purchases control over the lives and fortunes of its people.

In good Marxist fashion, the state presents man’s problem as materialistic: a lack of spending. The state therefore supplies this spending power not from its own resources or even taxation, but through its phony money which must, by law, be accepted.

The Immorality of Inflation

Theft is taking what is not ours to take. Fiat money takes value by means of valueless money. The state acts as a sovereign creator of money; it decrees that its money has value just as it decrees that its laws are justice.

Satan’s first temptation of Christ in

the wilderness was that He satisfy His hunger by turning stones into bread (Mt. 4:3). This was a challenge to Christ to evade the constraints of His humanity and live by means of miracle. It was a temptation to reject God’s economy, that of work in a fallen, cursed world, and demand the good life by the use of miracles.

Likewise, inflation is the attempt of the state to reject work and capital and turn, not stones into bread, but paper or computer digits into spendable wealth. The state spends its fiat money as if it and its favorites deserve the good life without work.

The love of money (not money itself) was called the root of all evil by Paul (1 Tim. 6:9-10). Wealth is a measure of work, thrift, and responsibility. It can represent generations of labor. Money is a valid and necessary representation of our assets, but it is a temptation to consumption and power. A man who says of his property “I love my farm” or “I love my store” does not have the same desire as does a man who says “I love my money.”

Money is more easily wasted by the improvident. The love of money can therefore represent the love of irresponsible wealth and the power it represents without the responsibility of tangible assets. One need only remember the prodigal son’s desire for a windfall rather than a life of responsibility and work on the family land. Inflation makes us constantly measure wealth in monetary terms. More than a few have fallen to its siren song and divested themselves of real wealth in favor of cash, only to find themselves the losers in speculative investments. The love of money is more dangerous to us if that money is itself a dishonest and hence a more vulnerable measurement.

Our money represents a fraud that has long empowered larceny by our gov-

“Not Worth a Continental” Inflation in the Independence Era

Roger Schultz



“Not Worth a Continental” Inflation in the Independence Era

Roger Schultz

“A wagonload of money will scarcely purchase a wagonload of provisions,” George Washington complained in April 1779.¹ A crumbling economy and the devastating impact of inflation, he believed, was a greater threat to the infant nation than British armies.

Inflation Problems

Americans had long suffered from currency problems. Chronically short of hard money, colonists had launched various schemes to circulate paper. Parliament responded in 1751 and 1764 by restricting the use of paper money as legal tender. With the onset of the War for Independence, the temptation to print paper money was irresistible.

The Continental Congress first circulated the Continental dollar in 1775 — and the unbacked currency was rapidly devalued. By the summer of 1778, one gold dollar could buy the same goods as four Continentals. By the end of 1779, one gold dollar was worth between 50 and 100 Continentals. The ones who suffered most from the “galloping inflation” were soldiers, officers

“Ultimately inflation is larceny. Clipping coins, by shaving off some of the gold or silver and passing them at face value, is theft. Debasement of coinage, minting a coin with a base metal and then giving it an external wash of a precious metal, is a form of government theft. And printing unbacked paper money is a relatively easy and painless method of government theft.”

and other supporters of Independence who were paid with or took payment in Continental money.

States also released paper money. Virginia churned out enormous quantities, leaving “each new dollar less valuable than its predecessor.”² Some states exacerbated the problem, continuing to print paper money after the war ended.

Rhode Island was a chief culprit, printing worthless paper, making it legal tender, and requiring that people accept the junk cash. Some creditors left the state rather than take payment in bogus bucks. It created a historically unprecedented situation, upon which one observer slyly commented, “of debtors pursuing their creditors and *paying them back* without mercy!” In the landmark case *Trevett v. Weeden* (1786), the Rhode

Island Supreme Court finally declared the state’s legal tender law unconstitutional.

Wisdom of the Founders

The Founding Fathers were alarmed by worthless paper and the inflationary trends of early American history. Edmund Randolph complained that “paper money is viler than the rags on which it is printed.”³ Jefferson worried that paper money would “enrich swindlers” at the expense of honest and industrious men. Fearful of the impact of inflation on commerce, morality and society, Madison argued that fiat money was “unjust, pernicious, and unconstitutional.” Adams believed that money unbacked by silver or gold “represented nothing” and was a “cheat upon somebody.” Ben Franklin wryly noted that fiat currency was “a wonderful Machine...and when we are obliged to issue a Quantity excessive, it pays itself off by Depreciation.”⁴

Concerns about monetary instability called for a Constitutional Convention. The Constitution (Article I, Section 10) is absolutely clear: “No state shall...make any Thing but gold and silver coin a Tender in Payment of Debts.” In other words, after a disastrous experience with inflation and the irresponsibility of the states, the Founding Fathers wanted a solid currency for the nation.

The most vigorous advocate of economic sanity was John Witherspoon, a Presbyterian minister and the president of Princeton. His frequently-reprinted

“Essay on Money” was a classic defense of hard money. He bitterly opposed price controls (a common solution for the inflation problem) as statist, writing, “Remember, laws are not almighty. It is beyond the power of despotic princes to regulate the price of goods.”

Biblical Principles

Scripture clearly condemns corrupt money. Proverbs 11:1 says that “a false balance is an abomination to the LORD, but a just weight is His delight.” Isaiah 1:22 decries the debasement of currency, links inflation to a host of other social ills, and notes how widows and orphans are particularly vulnerable in times of economic instability.

Ultimately inflation is larceny. Clipping coins, by shaving off some of the gold or silver and passing them at face

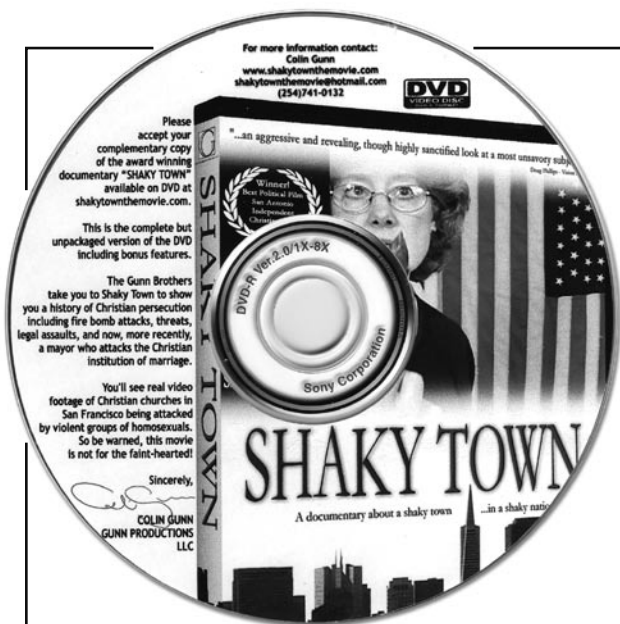
value, is theft. Debasement of coinage, minting a coin with a base metal and then giving it an external wash of a precious metal, is a form of government theft. And printing unbacked paper money is a relatively easy and painless method of government theft.

Long before the staggering inflation of the Carter years, R. J. Rushdoony emphasized the root causes of the problem.⁵ Inflation and currency manipulation, he warned, were common features of humanistic, statist and socialistic governments.⁶ An especially pertinent issue of the *Journal of Christian Reconstruction* focused on the problem of inflation.⁷

If nations won't fix their inflation problems, God may. The Lord of Hosts may avenge Himself on His foes — and “smelt away [their] dross as with lye, and remove all [their] alloy” (Is. 1:24-26).

Dr. Schultz is Chair of the History Department of Liberty University, teaches Church History at Christ College, and is pastor of Westminster Reformed Presbyterian Church in Lynchburg, Virginia. Roger and Ann Schultz are the home schooling parents of nine children.

1. Quoted in John Ferling, *Setting the World Ablaze: Washington, Adams, Jefferson, and the American Revolution* (New York: Oxford University Press, 2000), 201.
2. Ferling, 210.
3. John Alden, *The American Revolution* (New York: Harper and Row, 1954), 220.
4. Gordon Wood, *The Radicalism of the American Revolution* (New York: Vintage, 1993), 251, 318.
5. Rousas Rushdoony, *The Roots of Reconstruction* (Vallecito, CA: Ross House Books, 1991), 641-644.
6. Rousas Rushdoony, *Larceny in the Heart:*



View images, watch the trailer, and purchase a copy by visiting www.shakytownthemovie.com. *Shaky Town* is available on DVD for \$22.95.

For additional information contact Colin Gunn at 254-741-0132 or shakytownthemovie@hotmail.com

“...an aggressive and revealing, though highly sanctified look at a most unsavory subject...

I predict this film will go far”

Doug Phillips, President, Vision Forum Ministries

Shaky Town is Out of the Closet!

Shaky Town, the winner of the SAICFF (San Antonio Independent Christian Film Festival) Award for Best Political Film, is being released to the public. The 52-minute Gunn Brothers documentary (approx. 90 min. including bonus footage) delves into the homosexual political movement in San Francisco by shining the light on such intimidation tactics as abuses of political office, baseless lawsuits, hijacking of school board meetings, mob-rioting of a worshipping church, and death threats toward a pastor's family which culminated in the fire bombing of his house. This movie follows the historical path from San Francisco's homosexual beginnings up to the modern day attempts to legalize homosexual marriage.



Power today does not lie in politics or governments, but in God's people of faith.

There is a marked resemblance between our time and that of Elijah and Elisha. Theirs was a time of judgment; ours is as well. But there is a deeper resemblance. Their day was an age of syncretism, of radical compromise between the worship of the Lord and Baal worship. The two had been blended together to make one religion, so that a refusal to see the necessity for uncompromising religion marked Israel.

Israel rarely denied the Lord or professed open apostasy. Rather, it pursued a course of religious syncretism, using the name of the Lord but absorbing with their religion whatever other faith was expedient for them. Thus, they were not open pagans, but pagans who practiced their unbelief under cover of the Lord's name.

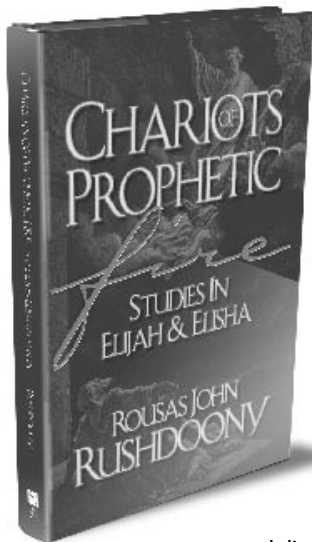
Syncretism is again our problem. Numerous forces, powers, and persons are accorded sovereignty over man. Today, Baal-worship is again prevalent in the name of the Lord. Humanistic statism is easily and readily submitted to by churchmen: children are placed in humanistic state schools, given

into the hands of the enemies of God, and people are only indignant if you condemn this practice. The major concern of most church members is not the Lord's battles, nor the urgency to make a stand against compromise, but, "How can I best enjoy life?"

The similarity does not end there. Elijah and Elisha's day was one of prosperity, a false prosperity that was largely the product of inflation. Our age, too, has been marked by an inflationary prosperity, and the loosening of moral and religious standards is one result. People want things, not qualities or virtues.

This mindset demands more material wealth for men and diminishes the need for moral and educational performance and excellence. It is now a virtue to tolerate evil and to be intolerant of any material lack for man.

In *Chariots of Prophetic Fire*, R.J. Rushdoony challenges the Church of our day to resist compromise and the temptation of expediency, and realize that the power today does not lie in politics or governments but in God's men of faith.



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9. Dispossession
10. The Death of Ahab
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12. Why Peoples Perish
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Boom-Bust Cycles: Can We Learn From Experience?

Tom Rose



Boom-Bust Cycles: Can We Learn From Experience?

Tom Rose

The Federal Reserve Bank (FRB) began operating in 1914. Since then the purchasing power of the dollar has decreased by 98%. This debauching of our monetary unit was the result of planned inflationary monetary policy; it was not a chance happening. Can we learn from history to protect the welfare of our families in the future?

But first let's look at the history.

In 1921 the United States experienced a post-war depression. Neither the FRB nor the U.S. intervened. As a result of government's non-intervention, it was the shortest and least damaging depression in American history! In every following recession/depression, the FRB would play a very active role.

The FRB discovered a new power in 1923 — that it could manipulate short-term economic activity through buying and selling government securities in the open market.

Meanwhile, England in 1924 had returned to a form of the gold standard (gold-exchange standard) after WWI, but it did so at an unrealistic price of the pound relative to gold. British citizens

“During the 1990s and up to the present, continued monetary inflation by the FRB has generated the greatest speculative bubble in America’s entire history. The irony of the matter is that the American public generally still trusts the behind-the-scenes monetary manipulation of the FRB, in spite of its consistent failure to protect the purchasing power of the dollar!”

were buying U.S. bonds which paid higher interest rates, thus causing an outflow of gold from Britain to these United States.

Responding to this problem, Montagu Norman, head of the Bank of England, invited Benjamin Strong, Governor of the Bank of New York, to England for a behind-the-scenes visit. When Strong became aware of Norman's problem of losing gold to America, he replied, “We will give the stock market a coup de whiskey!” (by creating money to artificially depress interest rates in America). The result was the speculative inflationary bubble of the “Roaring Twenties” which ended in

the 1929 stock market crash when the FRB suddenly raised the “discount rate” by 20% (from 5% to 6%).

After the 1929 crash, the FRB followed a perverse monetary policy of restricting credit. This caused a deep depression which President Franklin D. Roosevelt used as an opportunity, in 1933, to illegally destroy Americans' right to own gold by confiscating it at about \$20 per ounce, then revaluing it at \$35 per ounce.

The result was America's longest depression which destroyed much private American wealth and impoverished millions of ordinary people, thus making citizens easily subject to manipulative government political control.

Roosevelt's imposition of state-directed fascism did two things. First, it served to undermine the historic sense of America's individual freedom and self-responsibility. It also served to establish countless dictatorial government agencies which now control practically every aspect of Americans' private lives — finally ending with the blatantly unconstitutional “Patriot Acts” and the frightful “Homeland Security” agency.

The Great Depression ended in 1939 when American factories started producing munitions for the Allies in WWII. From this time to the present, the FRB has followed a persistent inflationary monetary policy to stave off the continual threat of rising unemployment and recessionary forces. On one hand, the FRB has falsely mouthed its “duty to protect the purchasing power

of the dollar” while, on the other hand, it has insidiously undermined the integrity of the dollar through continual money creation.

Other inflationary boom-bust cycles occurred after World War II.

In 1955-57, special interest groups fostered extending the period of credit for buying new autos from 18 months to 36 months. This caused a boom in auto sales in 1955 but led to a decline in auto sales in 1957 because buyers were still encumbered with loans on their existing autos.

The economic crash of 1963-64 was caused by a sudden reversal of FRB “loose” money to “tight” money. Once again, net wealth flowed from the “weak” hands of borrowers to the “stronger” hands of institutional lenders.

The FRB’s “loose” monetary policy first led to a drop in interest rates which

stimulated an inflationary boom that lasted from 1970-1980. The declining purchasing power of the dollar caused lenders to demand higher interest rates on money lent out. By late 1979 and early 1980, short-term interest rates had risen to almost 20%! A new recession began.

At an international monetary meeting in Tokyo (international monetary collusion) in 1985-87, the FRB agreed to flood our economy with newly created money to force down interest rates. This policy led to the stock market crash of 1987 when the FRB repeated its prior folly of drastically raising the “discount rate.” The Dow Jones Industrial Average plummeted 258 points in one day!

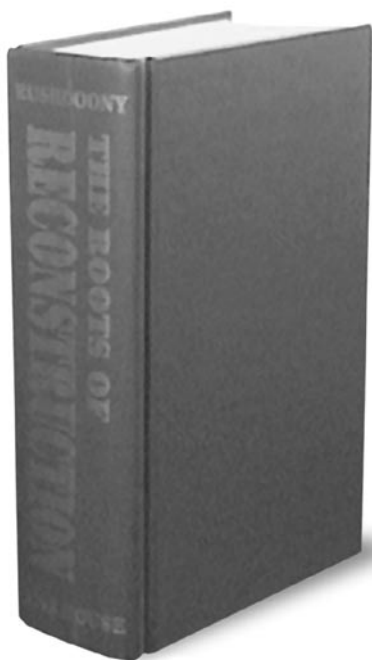
During the 1990s and up to the present, continued monetary inflation by the FRB has generated the greatest speculative bubble in America’s entire

history. The irony of the matter is that the American public generally still trusts the behind-the-scenes monetary manipulation of the FRB, in spite of its consistent failure to protect the purchasing power of the dollar!

Does the historical record of the FRB warrant our continued trust? In whom should we put our trust? (See: Psalm 118:8-9.)

Tom Rose is retired professor of economics, Grove City College, Pennsylvania. He is author of seven books and hundreds of articles dealing with economic and political issues. His articles have regularly appeared in *The Christian Statesman*, published by the National Reform Association, Pittsburgh, PA; and in many other publications. He and his wife, Ruth, raise registered Barzona cattle on a farm near Mercer, PA, where they also write and publish economic textbooks for use by Christian colleges, high schools and

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Corruption Incarnate: FIAT MONEY

By Gary North



Corruption Incarnate:
Fiat Money

By Gary North

I met R.J. Rushdoony at a 1962 summer conference sponsored by the Intercollegiate Society of Individualists (I.S.I.), which is now called the Intercollegiate Studies Institute. I had previously corresponded with him about his use of Ludwig von Mises' book, *Human Action*. In 1960 I had decided to explore the relationship between what the Bible says about economics, and then compare it to what Mises said.

At that two-week conference, Professor Hans Sennholz of Grove City College spoke daily on economics for one week. In his speech, he talked about Gresham's Law: "Bad money drives

good money out of circulation." He said that he was collecting silver dollars in preparation for a silver coin shortage. He said that the price of silver would soon make a silver dollar's silver worth more than the face value of the coin. They would then rapidly go out of circulation.

I took that prediction to heart. The following June, the week of my graduation from college, President Johnson signed into law a bill that ended the convertibility of silver certificates into a fixed quantity of silver. I knew that this was an indication that Sennholz's prediction was about to come true.

A few weeks later, I moved to Palo Alto, where I had been hired as a summer intern by the Center for American

Studies. Rev. Rushdoony worked for this libertarian "think tank," back before research institutes were called think tanks. He succeeded in persuading the Center to hire me. I was paid \$500 a month, which was the equivalent of \$3,000 a month today, but with lower Social Security taxes. It was a lot of money for a new college graduate. I was paid to read books — the best job I ever had or have had since then. I read a lot of books: Mises, Hayek, Röpke, Rothbard, Van Til.

Rev. Rushdoony invited me to live for free at his home. All I had to do was rake weeds on Saturdays. It was a great deal. I was able to save every dime. Literally. I took my paycheck to the bank each month and bought silver dimes. By the end of the summer, I had over

\$1,000 in dimes.

I sold the coins to my parents. I took the money and went off to Westminster Theological Seminary in Philadelphia. There, I read about a problem on the regional turnpikes. Silver coins were beginning to disappear. Every Sunday evening, turnpike agents went to churches and bought all the silver coins that had been collected that day.

In 1964, the clad coins were introduced: copper with silver laminates. That year, it was the clad Kennedy 50-cent piece, which was 40% silver. In 1965, it was across the boards: no silver in any coins.

Gresham's Law had held true, as it always does: "When a civil government enforces the exchange ratio (price) between two currencies, the artificially overvalued currency drives out of circulation the artificially undervalued currency." Gresham's Law is a specific application of the economic law governing price controls. Monetary inflation had driven silver coins out of circulation.

Three Forms of Inflation

In the ancient world, profit-seeking individuals or the civil government inflated the currency by adding cheaper base metals to gold or silver. The prophet Isaiah warned: "Thy silver is become dross, thy wine mixed with water" (Isa. 1:22).

Here is the heart of the matter: the desire to get something valuable for something base. The seller of goods or services believes that he is obtaining something of value (silver), when he is actually obtaining something less valuable (copper). This fraud is accomplished through deception.

Isaiah used the metaphor of a debased precious metal to convey a spiritual truth: the rulers of the nation were corrupt.

Thy princes are rebellious, and companions of thieves: every one loveth gifts, and

**"Here is the heart of the matter:
the desire to get something
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The seller of goods or services
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something of value (silver),
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This fraud is accomplished
through deception."**

followeth after rewards: they judge not the fatherless, neither doth the cause of the widow come unto them. (Isa. 1:23)

There is a more efficient, less costly, way to inflate. After the introduction of printing in China, sometime around the year 1000, the use of paper currency by the wealthy classes increased. The money supply seems to have remained stable until the era of the Mongols, in the late 1200s. Under them, monetary inflation became government policy. From 1260 to 1309, the paper currency depreciated almost to zero.¹

The third form of inflation is the modern version. Money is issued by fractional reserve banks. A fractional reserve bank is a bank that lends out money that has been placed on deposit by savers, yet also offers the depositor the right to get his money back at any time. Of course, this promise cannot be kept during a bank run, when too many depositors demand the return of their money. To reduce the likelihood of bank runs, governments set up central banks, usually privately owned, which can legally create money that in turn can be loaned to commercial banks that are facing a bank run. This reduces the public's panic.

The central bank is granted a government-established legal monopoly of original credit creation. It then buys the

government's debt, creating the money out of nothing to make the purchase. When spent by whoever gets paid by the government, this newly created money multiplies as it moves through the economy. With a 10% reserve ratio of monetary reserves to bank deposits, for each \$100 in debt purchased by the central bank, a total of \$900 in commercial bank credit comes into existence. This process is called the monetization of debt. The central bank can legally monetize any asset, but gold and government debt are the main currency reserves.

Why Civil Governments Inflate

There is a universal reason why civil governments inflate: politicians want to spend more money than the state takes in by taxing or borrowing from the general public. So, they debase the currency.

This is a policy of deception: a variation of silver into dross. The public cannot perceive any difference between money created a year ago and money created today. It all looks the same. The public nevertheless trusts the government to protect the public's interest. This is naive. Politicians protect their own interests. So do central bankers. In our day, an economic philosophy supporting monetary inflation is almost universal. With the exception of the Austrian School of economics (Mises, Rothbard), all economists favor the expansion of the money supply: Keynesians, monetarists (Chicago School), supply-side, rational expectations school, and public choice theory economists. A little monetary inflation, we are told, "lubricates" the economy. Furthermore, only the Austrian School favors a completely private banking system, completely private coinage, and no legal tender laws, *i.e.*, compulsory currency acceptance.

Economists do not trust the free market in this area of economic life. They may accept free market theory for

almost every other area of the economy, but not money and banking. They are convinced that voluntary contracts and exchange are insufficient to provide a predictable, reliable, and efficient monetary system. They argue that politicians are less reliable than profit-seeking monopolists — central bankers and commercial bankers — but even politicians are said to be more reliable than the free market. Yet they rarely explain the logic of their position. They just assure their audience that central banks are for the public good, and then they go on to explain how the bank deposit system works.

The lone exception was Murray Rothbard (1926–1995). He showed how the fractional reserve banking system works. Then he called the system immoral: a form of theft. No other academic economist I am aware of has ever said this in print. Rothbard wrote a textbook on money and banking, but it had to be published by an obscure book publishing company that soon went out of business. Fortunately, the book is available for free online: *The Mystery of Banking* (1983). I wrote the Foreword for the online edition. (See <http://snipurl.com/rothbardbanking>.)

Politicians want a guaranteed market for the government's debt. A central bank is the lender of last resort. Governments can put pressure on central bankers to enter the market and buy the government's debt at rates below what the free market would demand from the government.

The central bank creates money "out of thin air" to buy this debt. The government spends it into circulation. Then the recipients deposit this newly created money in their banks. Then they spend it: checks, debit card, and online payment. But so do the people who borrow money from these banks. It's two for one! That is to say, it is the fractional

reserve banking system. The money multiplies through the banking system as each recipient deposits his money. Only if the individual withdraws actual paper currency or coins does the money multiplication process cease.

Prices rise in response to the newly created money.

Why Inflation Is Immoral

Consider counterfeiting. Why is it immoral? Because someone sells a base asset that is disguised as a valuable asset. The counterfeiter usually prints up paper currency, but he could also issue phony gold coins. He is attempting to buy something for nothing.

So what? Who is hurt? All those people who now face slightly higher prices because of the effects of the newly created counterfeit money. If everyone were to counterfeit money, the economy would go hyper-inflationary. So, the government makes this illegal. It closes entry into this briefly lucrative industry.

The government then grants a legal monopoly to a special interest industry, fractional reserve banking: the right to do what counterfeiters are not allowed to do. What is universally admitted to be damaging to the public interest when done privately and with open entry is said to be the essence of rational modern monetary policy when done privately but with restricted entry: a very special, special-interest group.

Many years ago, I included a cartoon in my book on price controls. It is a drawing of a counterfeiter. On the wall, there is a chart. The downward-sloping chart is labeled "value of money." The upward-sloping chart is labeled "price of paper." The upward-sloping chart has just intersected the downward-sloping chart. The counterfeiter yells, "Stop the presses!"

Today, there is not much paper and ink used in the creation of fiat money. Digits are much cheaper. The presses

never get stopped.

When the newly created money is spent, the spender buys at prices that are based on yesterday's money supply. But today's money supply is larger. The person is able to buy at yesterday's lower prices, but as the new money comes into competition with the existing money supply, prices rise. That is to say, the monetary unit declines in value. It has to. There is greater supply facing the same demand. Whenever you have a rising supply and flat demand, the sale price of the supplied item falls. Otherwise, the market will not clear. There will be an excess supply waiting to be bought.

Those who get early access to the newly created money are winners. Those who are latecomers are losers. Prices have risen. They could have bought the items cheaper, earlier. There is a re-distribution of wealth to early spenders from late spenders.

Those citizens who trust the government to protect them tend to hold on to the depreciating money. Those citizens who refuse to trust the government tend to spend the newly created money before it depreciates. In short, nice guys finish last. Why? Because of government monetary policy and fractional reserve banking.

The Federal Reserve System

There is very little criticism of the Fed. The books that are critical are only rarely written by trained economists. Most of the critical books are critical of the Fed for not having inflated the dollar, 1930–32. This was Milton Friedman's argument in his co-authored book, *A Monetary History of the United States* (1963). Friedman's book made his reputation within the economics profession. It was this book that was the basis of his Nobel Prize in economics.

In that same year, 1963, Murray Rothbard's book appeared, *America's*

Great Depression. He argued that the Great Depression took place because of inflationary monetary policies by the Bank of England and the Federal Reserve, 1926–29. His book was ignored by the entire economics profession. Only in 1983, when Paul Johnson relied on it to explain the Depression in his bestselling history book, *Modern Times*, did Rothbard's book even have marginal influence in the academic world.

The standard history textbooks do not tell the story of the origin of the Fed. Readers are not told that plans for the Fed were made by a small group of men, who knew each other but who used only their first names, just in case they were ever asked to testify in court about their scheme. They rode on a train in late 1910 that left a New Jersey train station late at night to take them to Georgia, where they took a boat to Jekyll Island, the private island owned by some of America's richest men: J.P. Morgan, William Rockefeller, and others. There they met for a week.

The Fed was the brainchild of senior officers of two American banking empires, the Rockefellers' Chase Manhattan Bank and Morgan's First National Bank. While rivals, they agreed that there had to be a backup source of emergency money in case there was another bank panic comparable to the panic of 1907.

The central bank legislation was introduced in 1911 by Nelson Aldrich, the Republican Senator from Connecticut. He was correctly perceived as a Rockefeller agent, which was no surprise; he had been a Rockefeller agent for years. His daughter was married to John D. Rockefeller, Jr., and his grandson was named Nelson Aldrich Rockefeller. The legislation did not gain sufficient support in Congress. So, the plan was put on hold until the Wilson Administration took over in

1913. It was then given a new name and passed as the Democrats' legislation. The best account of this arrangement and its background is found in Part 2 of Rothbard's book, *A History of Money and Banking in the United States* (2002).

The official goal of the Federal Reserve System is to preserve a stable currency. If you go to the website of the Bureau of Labor Statistics (www.bls.gov), you will find a link labeled Inflation Calculator. Click it. You can then discover how much money it would take today to equal the purchasing power of the same amount of money in any previous year. The first year available, appropriately, is 1913. If you enter 1000 in the box for 1913 and click the Calculate button, you will get a figure close to 20,000. This means that the U.S. dollar has depreciated by about 95% since 1913. But that's not all! This is after-tax money. You would have to earn a lot more pre-income tax money today than you would have had to earn in 1913.

The first year of the income tax was 1913. The top rate was 7% on incomes over \$500,000. Taxes began at 1% on incomes over \$3,000 (\$60,000 in today's money). If you made less than \$3,000, you owed nothing. The original Form 1040 for 1913 should be viewed by every American taxpayer at least once in a lifetime.²

Rushdoony used to say that America's golden age began after indoor plumbing and ended with the income tax. I would be willing to extend it all the way to 1917, when the United States entered World War I and income tax rates skyrocketed, along with prices.

Larceny in Many Hearts

People think of themselves as debtors. Debtors are always looking for an easy way to pay off their debts. Depreciated money is a politically acceptable way to do this.

The practical problem with this strategy is that most people are creditors. They do not think of themselves as creditors. Worse, they are long-term creditors. They buy life insurance policies with a savings component rather than term life insurance, which is pure death insurance. Others also have pension plans. They have savings accounts. All of these are threatened by rising prices that are the product of monetary inflation. But because so few people are future-oriented, they do not think clearly about what will happen to them in their old age. They do not fear inflation.

The problem is larceny in people's hearts. They think a little price inflation is convenient when it comes time to write checks to creditors. But someday creditors will write checks to them. Then what will people do?

The Gold Standard

From 1815, at the end of the Napoleonic wars in Europe, until 1914, at the beginning of World War I, European and American governments operated in terms of a gold standard. Only from 1861–65 did the United States go off the gold standard. (The Confederacy never was on it.) The gold standard required governments to redeem their currency with gold at a fixed rate of exchange. Reliable banks also had to redeem gold accounts on demand. This put a barrier on the expansion of credit money: the threat of a run, *i.e.*, gold redemption.

This ended within days of the outbreak of World War I. Commercial banks refused to redeem their obligations. So did governments. Then governments allowed their central banks to demand payment in gold from the commercial banks. In one gigantic vacuum cleaning operation, almost all of Europeans' gold wound up in the vaults of the central banks, where it

continued on page 33



Inflation:

CAUSES *and* the CURE

By Ian Hodge



Inflation: Causes and the Cure

By Ian Hodge

Inflation is inevitable. At least, that is what politicians tell us. They

do their best to fight inflation. When they fail, it is because inflation is apparently beyond their control. But what is this economic phenomenon that has plagued all countries around the world for the better part of this century?

To many, inflation is a rise in prices. However, this definition is not precise enough if we are to understand its effect on the economy — to say nothing (yet) of the moral effect of diluting the purchasing power of people's hard-earned money. The definition functions like a diagnosis. A doctor who prescribes aspirin for a headache that is caused by a brain tumor will not only miss the tumor, but will kill the patient. Similarly, if we do not make a correct diagnosis of why inflation is a problem, not only will

the cure we propose not solve it, it may even make it worse.

Defining inflation simply as rising prices too easily permits us to overlook the underlying causes of these rising prices. Therefore, rising prices should be more accurately called price inflation.

There is, on the other hand, an older and more accurate definition of inflation. At one time, any expansion in the money supply was referred to as inflation. By the term money supply, we refer to that which can be used to purchase goods and services. This includes all notes and coins that are in circulation and purchasing power in the form of credit.

Inflation is any addition to the existing money supply (no matter how it is measured). As we inflate a balloon by adding more air to it, so we inflate the money supply by adding more money (or credit) to it. Because of the shift in understanding that has occurred over the meaning of inflation, however, I'll

call this *monetary inflation*, an inflation (increase) in the quantity of money.¹

What Inflation Does to Your Money

Before proceeding with an explanation of inflation, it helps to emphasize that every investor must come to grips with inflation. It is important that you understand what inflation does to your money over time. Many people don't realize that inflation is the opposite to compound interest. Whereas compound interest multiplies the return to an investor by giving interest on top of interest, inflation is a compound negative return on capital. This is why inflation is so devastating.

Look at the first two columns in the chart below. In the first column I have shown what happens to \$1 as it is depreciated by inflation. In column two, I've shown what happens to \$100,000 when its value is eroded by the falling value of money. To reinforce the effect, I've added a column showing the same

	44	\$0.1169
\$11,686		\$58,431
	45	\$0.1113
\$11,130		\$55,648

Inflation rate: 5.00%

YEAR	\$1.0000	\$100,000	\$500,000
1	\$0.9524	\$95,238	\$476,190
2	\$0.9070	\$90,703	\$453,515
3	\$0.8638	\$86,384	\$431,919
4	\$0.8227	\$82,270	\$411,351
5	\$0.7835	\$78,353	\$391,763
6	\$0.7462	\$74,622	\$373,108
7	\$0.7107	\$71,068	\$355,341
8	\$0.6768	\$67,684	\$338,420
9	\$0.6446	\$64,461	\$322,304
10	\$0.6139	\$61,391	\$306,957
11	\$0.5847	\$58,468	\$292,340
12	\$0.5568	\$55,684	\$278,419
13	\$0.5303	\$53,032	\$265,161
14	\$0.5051	\$50,507	\$252,534
15	\$0.4810	\$48,102	\$240,509
16	\$0.4581	\$45,811	\$229,056
17	\$0.4363	\$43,630	\$218,148
18	\$0.4155	\$41,552	\$207,760
19	\$0.3957	\$39,573	\$197,867
20	\$0.3769	\$37,689	\$188,445
21	\$0.3589	\$35,894	\$179,471
22	\$0.3418	\$34,185	\$170,925
23	\$0.3256	\$32,557	\$162,786
24	\$0.3101	\$31,007	\$155,034
25	\$0.2953	\$29,530	\$147,651
26	\$0.2812	\$28,124	\$140,620
27	\$0.2678	\$26,785	\$133,924
28	\$0.2551	\$25,509	\$127,547
29	\$0.2429	\$24,295	\$121,473
30	\$0.2314	\$23,138	\$115,689
31	\$0.2204	\$22,036	\$110,180
32	\$0.2099	\$20,987	\$104,933
33	\$0.1999	\$19,987	\$99,936
34	\$0.1904	\$19,035	\$95,177
35	\$0.1813	\$18,129	\$90,645
36	\$0.1727	\$17,266	\$86,329
37	\$0.1644	\$16,444	\$82,218
38	\$0.1566	\$15,661	\$78,303
39	\$0.1491	\$14,915	\$74,574
40	\$0.1420	\$14,205	\$71,023
41	\$0.1353	\$13,528	\$67,641
42	\$0.1288	\$12,884	\$64,420
43	\$0.1227	\$12,270	\$61,352

The effect of inflation, even at a modest and steady rate of 5% (in reality, the rate can be much higher, and can fluctuate, sometimes sharply) is devastating. It takes only a little over eight years to wipe out a third of the value of your money. A handy tool here is the “rule of 72.” This rule tells you quickly how long it will take to halve the value of money. Divide the number 72 by the inflation rate and the answer is the number of years it takes to cut the value of money in half. If the inflation rate is 10%, then the answer is 7.2 years. It takes 14.4 years to halve the value of money when the inflation rate is 5%.

Inflation has such a devastating effect on our wealth. According to Ernest Oppenheimer, “inflation represents a breakdown of the normal rules of the game of the monetary system.”² Almost instinctively, we recognize that those “normal rules” include keeping the value of money relatively intact. Understanding inflation and learning how to protect ourselves against its insidious effects is not an option. It’s a necessity.

Causes of Price Inflation

Imagine that the only economic goods for sale are ten apples. There are, however, ten one dollar coins which can be used to buy these apples. What will be the “price” of the apples? Assuming that the people in this economy actually want to buy and sell the apples, the theoretical average price is \$1 per apple. In reality, of course, the better quality apples will fetch a higher price and the poorer quality ones will probably have a lower price. But the average is \$1 per apple. If you have understood this much you’re well on the way to becoming a competent economist, or “house

manager.”

In this closed economy, how can the average price be increased to, say, \$1.50 each apple? It is a simple mathematical problem. The only way the average price can increase is if the ratio of goods and coins is altered, by either eliminating some of the apples or by increasing the number of coins. Assuming the number of apples remains constant, however, the average price of the apples can increase to \$1.50 only if there are fifteen coins, instead of ten, to buy the ten apples. Only under this condition, where the money supply is increased while the quantity of goods remains constant (or at least doesn't increase as fast as the money supply), can the average price level for all the apples be increased.

Simple, isn't it? As money is pumped into the economy, prices tend to increase. The inflation of the money supply (*i.e.*, increasing the amount of money) causes an increase in prices. This is the cause and effect relationship between prices and the money supply.

Boom and Bust — The Business Cycle

An increase in money stimulates the economy to extra activity. With increased demand for goods made possible by the additional money, buyers signal producers that they demand more product. Producers expand their businesses, employ more people, buy more machines, and generally increase productivity.

Meanwhile, consumers have become used to the new money. They know that they are getting extra money in their pockets every year through monetary inflation. Suppliers pace their production activities on this fact, just as consumers anticipate having the increase next year.

But eventually, without explanation, the money expansion machine is cut off. Instead of an extra 10% people get only 2% extra money. How do people

react? They cut their spending to accommodate the new and lower inflation rate. That is, they respond rationally to the changed economic environment in which they find themselves.

With the decrease in demand for their goods, business people cut back production, employ fewer people, and buy less equipment. Unemployment rises, which in turn lowers demand for some goods and services, and the economy is in a decline. This is called a recession, and if it gets bad enough, it's called a depression. (Or, as someone humorously said, if it happens to someone else, it's a recession; when it happens to you, it's a depression.)

Fractional Reserve Banking

Fractional reserve banking is a mechanism whereby the banks create purchasing power through credit without physically creating money of any kind.

Consider this scenario. You deposit \$100 in First Security Bank. It is the only money the bank has in its vault. Later, Mr. White comes to the bank to borrow \$90 so he can buy some new plumbing equipment for his home. The bank decides it will keep 10% of the money in reserve, but it is willing to lend out the remainder. The bank will not give Mr. White the money, but it will permit him to write out a check for this amount, and provide him with an overdraft facility to enable him to do it. Mr. White gives a \$90 check to the plumber, who promptly deposits the check in your bank, where he also has an account.

When you placed your funds in the bank, you received a receipt or a stamp in your deposit book, which says you are entitled to withdraw \$100 whenever you like. The plumber has deposited \$90 into his account, and the bank has given him a receipt to say that he can withdraw this sum any time he likes. Mr. White, meanwhile, has an obliga-

tion to repay the bank the sum of \$90.

Now, how much money does the bank have in its vault at this point in time? Go to the top of the class if you said only \$100. While it is true that Mr. White must find \$90 from somewhere to repay to the bank in the future, plus interest, until that loan is repaid the bank cannot meet all its current obligations. If both you and the plumber turn up tomorrow to withdraw all the funds shown in your respective deposit books, the bank clearly cannot cover the amount. It does not hold the funds in reserve. There is a complete mismatch between the bank's borrowing on one hand (*i.e.*, your savings), and its lending on the other. It borrows short term but lends long term. (In real life, the banks depend on new depositors and loan repayments to cover demands for cash from depositors.)

The money supply correctly includes the amount of credit in the financial system, as well as the physical stock of money. The credit facility is just as much "buying power" as is the real money itself.

Inflation and Morality

Monetary inflation causes price inflation. While money consists of notes, coins and credit, whose supply is determined by the federal government, monetary inflation is a deliberate act of those controlling the money supply. But price inflation erodes the purchasing power of money. Just as a thief erodes your purchasing power when he demands you hand over your money, so money devalued by inflation erodes the purchasing power of that money.

When nations have been strongly influenced by Christianity, their approach to money management has maintained a monetary unit that could not be inflated so easily. The British Parliament in the nineteenth century under the leadership of Sir Robert Peel

made some attempts to provide a stable currency. Money was primarily silver, and the government found it difficult to increase (*i.e.*, inflate) its supply. Consequently, the country had a steadily falling price level. Sir Roy Harrod made this observation:

Recently people have settled down into thinking that some degree of annual inflation, moderate, it is to be hoped, will continue to be with us as far as the eye can see. This is a rather lamentable defeatism. One might almost regard it as a symptom of decadence. It (*sic*) we take a backward look we do not find that inflation was endemic in England. For nearly a century after the Restoration (1660) the general trend of prices was downward, subject to transitory war-time interruptions. In the eighteenth century there was a moderate upward movement, doubtless connected with wars, but at the time of the war against the French revolution, prices were still not far from the 1660 level. Then came the great inflation, including suspensions of convertibility. After the war the downward movement, again subject to interruptions, was resumed, and by 1850 prices were below the pre-war level. There was a flattening out in the middle of the century, probably due to the Californian and Australian gold discoveries . . . after which a strong downturn was resumed, bringing prices in 1896 way below their 1660 level. Then came the South African gold discoveries and also the South African war. These events were accompanied and followed by an upward trend of prices. But even in 1933 prices were not above the 1660 level.³

As the Industrial Revolution brought on more goods and services than the existing money supply could buy, the price level tended to fall as the new goods competed for the available money. Everyone wins when this happens. A real growth in goods and services leads to lower prices. The value of money increases and everyone benefits. Appro-

priately, the poorer classes benefit more than the wealthy, since they have so little money to go around. Any drop in prices has a greater impact on the poor than it does on those with greater wealth.

Monetary inflation on the other hand, because it defrauds people of the purchasing power of their money, is immoral. It is a method whereby the value of money is diluted. Just as it is immoral to dilute wine with water and continue to sell it as undiluted wine, so it is immoral to steal from people by lowering the value of their money. This is the argument that Isaiah brings against the people of Israel (Is. 1:22). The prophet accuses the people of diluting their silver with dross. He equates it with diluting wine with water. In former times, when money was gold, it was diluted by adding cheap metals, which was passed off as pure gold. Today, in an age where money is pieces of paper (or merely bank credits), its purchasing power is diluted simply by creating more of it. No matter how it is done, though, it is still an act of dishonesty concerning the purchasing power of money. And dishonesty is condemned in the Scriptures.

Debt

At the heart of the inflation issue is the question of debt. Debt is the primary fuel for the monetary inflation fire. It is also how people are encouraged to beat the inflationary spiral. This is like pouring kerosene on a bonfire in an attempt to put it out. We're fooled into trying to beat inflation with more inflation. This is why debt levels are so high.

It is impossible to read the Bible without getting the idea that God does not like debt. In Romans 13:8 there is the command to "owe no man anything." Even if this is not considered an outright prohibition on debt, it is certainly no encouragement to be in debt so readily. There are many other arguments against debt, summarized in

my book, *Making Sense of Your Dollars* (available from Ross House Books).

Once inflation starts, it is hard to stop. Part of the reason for this is that people begin to have a financial interest in inflation. Imagine buying a home with a 25-year mortgage. By the time the final payment is made, total payments may have been over three times the purchase price of the house. If there were no increase in the price of the home, a substantial financial loss would be incurred by the owner when he sold it.

It can be easy to become dependent on inflation as a means of driving up the price of the house while at the same time depreciating the value of the currency. This way the mortgage is paid off in depreciating currency while at the same time the price of the home rises. With a little providential "luck," by the time the mortgage is paid off, the price of the home will be at least equal to the amount paid over the duration of the mortgage. This is why debt and inflation go hand in hand. Debt does not necessarily have to lead to inflation but it usually does. This is because, as Rushdoony points out, "all inflation is a form of dishonest debt."⁴

This thinking is wrong-headed, though. It assumes that proper economic calculation is possible under inflation. Unfortunately, this is not so. In the words of Solomon Fabricant, former Professor of Economics at NYU:

The variety of ways in which inflation disturbs the calculations and affairs of business is enormous. It is enough to say that inflation acts on prices and costs, and on profits and taxes. It undermines the basis on which past commitments were made, creates current and urgent pressures, and it clouds expectations about the future. It disturbs relations with customers, labor, suppliers, financial institutions, and governmental agencies, and internal relations within firms. And the particular impact of inflation in

each of these respects, whether favorable or not, differs widely among firms, depending as it does on the nature of a firm's business; the age, size and form of its organization; its location; and the way it customarily does its business.⁵

In other words, in an age of inflation our economic judgment becomes distorted and unreliable.

Unfortunately, not everyone can protect himself or herself against inflation. According to Henry Hazlitt,

[I]n hedging against inflation, each of us can protect himself only at the expense of someone else. Every time we buy some commodity as a hedge, we tend to raise the price for the next buyer. It is possible successfully to practice inflation hedging individually, but never generally.⁶

In other words, there is no guarantee that you can successfully protect yourself against inflation by adopting certain investment strategies. This should not stop us from attempting to do it, but we need a realistic mindset when dealing with the problem. To ensure that inflation is halted is the only secure protection against it.

Inflation and Liberty

There is a direct relationship between inflation, government control, and personal liberty. While the government continues to use fallacious arguments that they are controlling inflation, in reality they are merely making things worse. Each time they make it worse becomes another excuse for more government intervention. The cycle needs to be broken. This is why Oppenheimer has argued that "inflation contravenes all principles of sound finance and provides the government with the incentive to move ever deeper into a morass of higher deficits, larger debts, and greater irresponsibility."⁷ The foundations of liberty are intimately connected with the individual's ability to look after his own

affairs with minimum interference from politicians. But politicians with power cannot halt inflation; only citizens who have the moral will and determination to put an end to financial immorality can.

Conclusion

So what can you do? To stop inflation you must stop using debt, and you must work to convince politicians to abandon their attempts to control the economy by increasing notes, coins, and credit. There are obvious problems getting federal politicians around the world to abandon these attempts.

It should be much easier to convince yourself to take one of the necessary steps to halt inflation. Stop borrowing. The less you borrow, the more you will personally contribute to stopping the immoral act of inflation. It is one step you can take immediately to protect your neighbor from inflation. And if you take the command "love your neighbor as yourself" seriously (Mt. 5:39), you should act immediately — if not sooner — to halt inflation.

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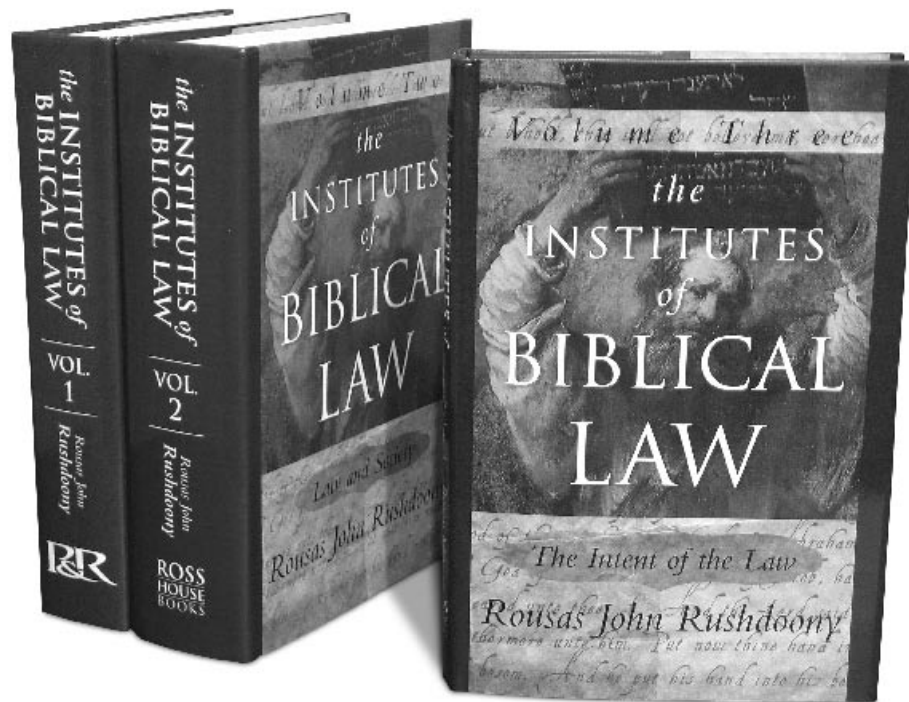
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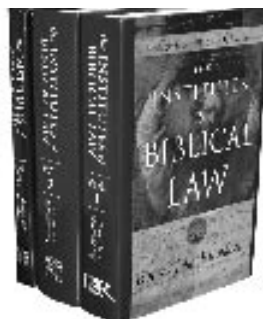
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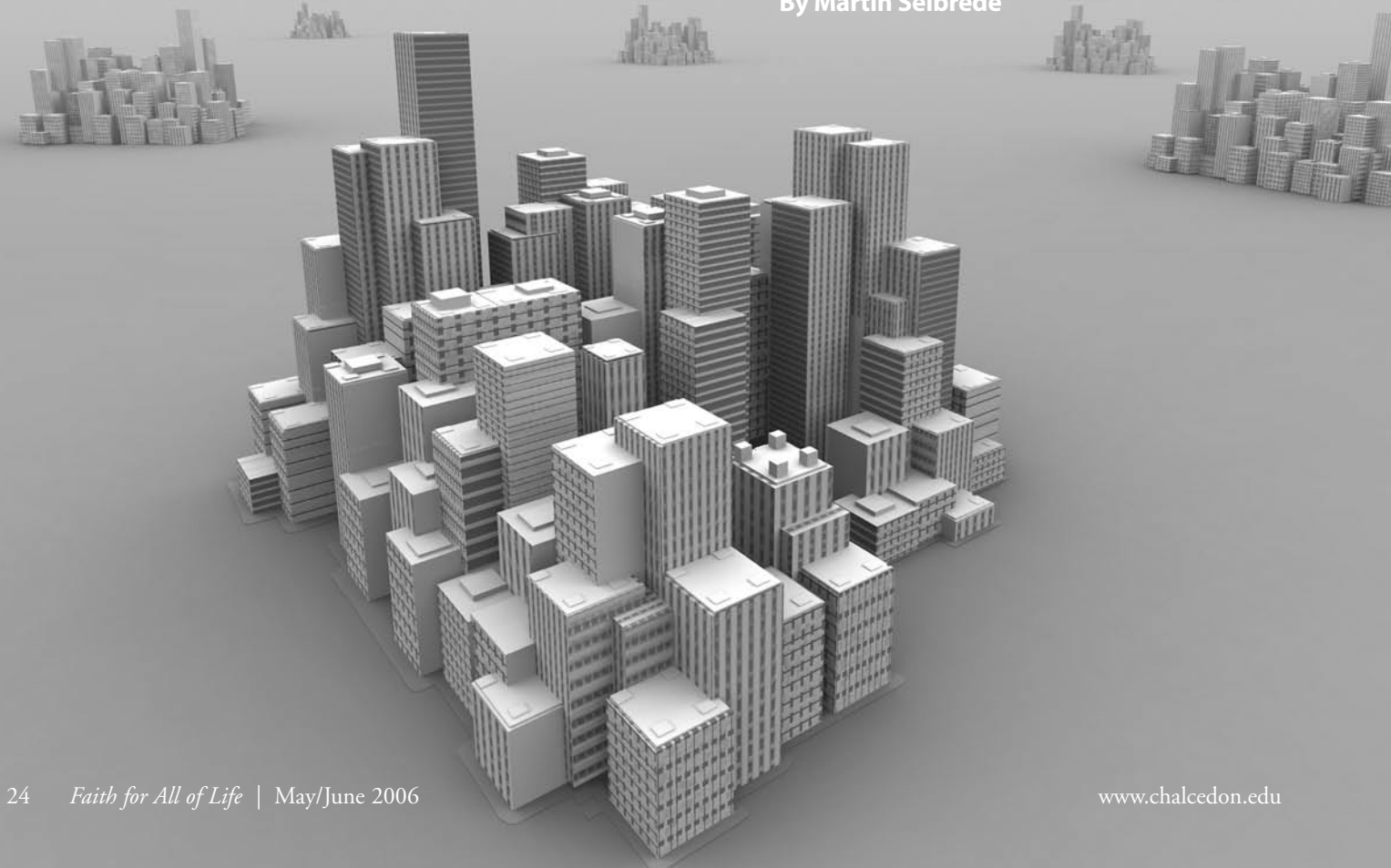
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Tithing & Building

By Martin Selbrede





Tithing & Building
By Martin Selbrede

In a previous issue,
I suggested a way to
measure the progress of
Christian Reconstruc-

tion in our culture: that Christians tithe all the tithes commanded in the Bible, which includes the Levitical tithe, the poor tithe, and the rejoicing tithe. All of it. Every last, decentralizing, state de-bloating cent of it. It is truly pitiful that one of Chalcedon's worst selling books is the 1979 volume *Tithing and Dominion*, by Edward A. Powell and R. J. Rushdoony (*T&D* for short). We can conclude that meaningful progress has been made when *Tithing and Dominion* has become a Chalcedon bestseller. That day is still only a sparkle in God's eye.

In general, the modern Christian view of the tithe is a preposterous caricature that utterly misses the true power of tithing. We assume sermons on tithing are calls to boost funding — in effect, calls for throwing money at a problem. Unfortunately, the content of such sermons tends to reinforce these impressions. The radical social consequences of the tithe, the fact that God's Kingdom cannot properly grow without the tithe, are alien to modern Christians.

Worse yet, our attitude to the tithe decisively marks who or what we *truly* regard as lord over our lives: God or the state. Our views concerning it will color how we go about building God's Kingdom. The tithe, then, reveals much about our deepest loyalties. In a sugar-coated world, it's no wonder that these aspects of the tithe are too frightening for most Christians to dwell on. When we factor in the institutional churches' use of the tithe, which tends to compound the flocks' shortchanging of God, we find ourselves drifting toward a world of hurt beyond our power to

imagine.

Except the Lord Build the House

The paradigm Psalm 127:1 sets forth is perpetually binding. "Unless the Lord build the house, they that build it labor in vain." Just as Moses was to build according to the pattern shown to him by God, so are we to stay in His paths, turning neither to the left nor the right. The consequences of offering "strange fire" (Lev. 10:1-3) before the Lord, rather than obeying Him in all particulars, can be catastrophic. There is only *one* way to build the Lord's house in *any* day and age: the Lord's way. Rushdoony exposes our core pretensions in the concluding chapter of *Tithing and Dominion* thus:

Our sins, and the sins of our forefathers, box us in... Because of our sin of apostasy, we are today heavily taxed by our rulers (I Sam. 8:10-18). We are under their power because of our sins. We have refused to pay God's tax, and we are instead burdened by the property tax, the inheritance tax, the income tax, the sales tax, and thousands of other taxes. Naturally, we are now very unhappy, and we want and crave an easy way out. In effect, we say, "All right, God, now I believe in you. Bail me out, so that I can start tithing." This is not repentance but impudence. To pay taxes *and* tithes means a considerable part of our income, but there is no easy way out, nor any other way out. We can *only* create God's ordained society in God's ordained way....

There is no *easy* way out, but there is a good way, a *godly* way, the way of obedience to God's law. A godly society will not come by waving a magic wand, nor by dictators, nor by any other way than God's ordained way as set forth in His law. And basic to that is the tithe. The tithe is the a,b,c's of godly reconstruction, the alpha and the omega of a Christian society. (p. 141-142)

In the same volume, Powell expresses the identical thought from the point

of view of the reconstruction of economic theory. The Christian economist must adhere solely to Biblical law, and regard all other ground as shifting sand.

The Christian economist ... must begin with the conviction of faith *that economics can only be the study of God's management of this world by His law...* He must begin with the absolute conviction of faith that, because God's law rules *all* of creation, only God's law can be productive and fruitful for man and his environment. (p. 53)

The Consequences of Not Tithing

We shouldn't be surprised to learn that since God makes the tithe so socially important, when we fail to obey there will be serious repercussions. In fact, we've been suffering those repercussions for a long time. Rushdoony lays out precisely which benefits are obliterated when tithing is bypassed or neglected:

First, in God's plan everything depends on this fact of tithing. It provides the funding for a variety of activities, worship, health, education, and welfare, and also scholarship. The tithe is God's tax, the rent which is His due, but no man or institution is empowered to collect it. *Thus, a people get the kind of society they pay for in their tithing.* "It is plain to see that everything in the Israelite economy really depended on the principle of tithing being adopted and strictly adhered to. Only thus would the system work." *The alternative to a tithing society is a tyrant state and its oppressive taxation.*

Second, "the spiritual impoverishment" of our time is due to the failure to tithe. Men seem to prefer the Internal Revenue Service and its power-state to tithing and a free society....

We can add, *fifth*, that a *non-tithing culture is a dying one, because it does not provide for its future under God.* Christendom has been unique in world history, in that Christian scholarship has again and again revived culture by providing a framework for the future.¹

The social implications of not tithing are bad enough, but the theological implications are worse. Failure to tithe strikes at the Lordship of Christ, at the sovereignty of God Himself, in the most profound way, by making God a debtor to man:

God does *not* tax each and every item owned by man. He makes His claim to sovereignty by taxing all areas *in principle*. This is why the failure of man to pay all of God's taxes is so destructive. When he fails to pay *any one tax*, he is claiming that God has no authority whatsoever in that particular area of life and thought.... [man essentially proclaims that] God has no claim of ownership on [him] *other than what he is willing to render* to God. It is a denial, *in principle*, that God owns all of a man's time. (p. 56-57)

Tithing: God's Appointed Way to Counter Socialism

It is true that Biblical Christianity is pitted against socialism. But what we forget is that the tithe is the primary Christian weapon against socialism. Rushdoony again pinpoints for us where the socialist camel stuck its nose under the tent, where voids were left when tithing began to disappear:

Socialism has filled a void vacated by Christians. The spread of Unitarianism and atheism in the United States was closely followed by the spread of socialism. It was not by accident that the early American socialist of 1800-1860 attacked the tithe. To break down tithing meant that another source of social financing had to be forthcoming: the central civil government. (p. 5)

And again:

The tithe has a major social function which needs restoring. It is futile to rail against statism if we have no alternative to the state assumption of social responsibilities. (p. 8)

Sadly, Christians by and large have been lulled into an unthinking reliance

on the power state. The high calling of liberty under God is sold for a mess of statist pottage. God's blessings are within visible reach, but we grasp for everything *but* His way to build a godly society. When given a choice between falling into the hands of God or men, David selected God (2 Sam. 24:14), but we routinely prefer men over God.

Third, the tithe made a free society possible. If every true Christian tithed today, we could build vast numbers of new and truly Christian churches, Christian schools, and colleges, and we could counteract socialism by Christian reconstruction. Consider the resources for Christian reconstruction if only 25 families tithed faithfully! Socialism grows as Christian independence declines. As long as people are slaves within, they will demand slavery in their social order. (p. 4)

The ultimate choice is simple. It is irrevocable:

Either we work to establish a godly order, or we go down into the hell of total statism. (p. 10)

The Antithesis: Tithing vs. Socialism

We should expect that faithful tithing will create a socialist backlash. Socialism will attack opposing worldviews that advance upon it. The tithe was attacked in the 1800s in America despite its success, because the issue (then and now) is lordship in the political realm.

Christian economic thought and theory can *never* be compatible with secular humanist economic thought and theory. They *cannot be reconciled* because they have totally divergent world and life views. They are at war with one another because each aims to glorify their owner, as well as indicting the other for apostasy. The Christian seeks to glorify God and condemn fallen man for his treason against the Lord. The humanist seeks to glorify man and indict God for His abuse of mankind... [Humanistic economic] theories see man as trying to

create paradise out of the cruel creation of God's handiwork. Or they see nature as normative and fruitful beyond limits, and God's law as the instrument which has corrupted nature and caused man untold misery. (p. 52-53)

The Tithe as a Personal Message from God to You

Christendom is awash in various study aids, video and DVD programs, devotional books, and Promise Keeper meetings, all ostensibly designed to help us develop a deeper, more spiritual relationship with God. As a group, we Christians tend to spend an inordinate amount of money to salve our consciences, to improve our walks, to get closer to Him and His Word. There are hundreds of thousands of such programs floating around. To be brutally honest, only one way is found in Scripture. While others accumulate teachers to suit their own liking, God has appointed His own tutor:

The payment of God's taxes by man *forces* man to think continually in terms of the Word of God. It *forces* him to acknowledge the Lordship of Christ in every area of life and thought... Failure to pay any one of God's taxes leads to an inability to think God's thoughts after Him properly in that area of life. It leads to an improper understanding of *how* God rules man and creation... (p. 63)

Part of this educational process is the re-definition of *discretionary income*. Tithing slams the brakes on humanistic thinking about ownership of income, but in the process it frees us from hypocritically serving two masters. Powell first develops this in terms of the offering of the first-fruits and the theological sledgehammer hidden under its surface:

[A] man could not use the results, or rewards of his labor *until* he had made an offering of a portion of them to God. Since a man could not use his harvest, or income prior to his offering of the

First-fruits from it, this meant he did not own his income. What a man owns he controls, and vice versa. Ownership is meaningless if a person cannot control the use of what he “owns.” Hence, the payment of the First-fruits signified that a man did not own his income, but that God did... The tax of the First-fruits on a man’s productive efforts establishes the principle that man is owned, lock, stock, and barrel, by God. (p. 71-72)

Powell then illustrates that the *same principle* informs the tithe as well, arguing that the tithe paid by the Levites to the high priest (1) had to be paid before the Levite could use any of it, and (2) was no different than the harvest tithes paid by Israelites to the Levites, meaning that (3) the Israelites, too, had to pay their tithe *first* before they could make any legitimate use of the results of their labors.

The Levites were required by God to tithe out of their increase the best thereof to the High Priest *prior* to their own use of the tithes that they had obtained from the Israelites.... The tithes that they received were recognized as being in essence the same as an increase of the “corn of the threshing floor, and as the fullness of the winepress” (Num. 18:27).... Since both the increase of the Levites and the increase of the remaining Israelites were seen by God as being the same, and since the Levites were required to pay the Tithe *prior* to their use of their increase, we can understand that the Tithe was required to be paid by *all the people of Israel prior to any* personal use of the rewards of their labors. (p. 90)

Modern man likes to cynically point the finger at churches and Christian ministries, accusing them of sticking their hands into his pocket to take “his hard-earned money.” Imagine the victim of theft being labeled a pickpocket by the actual thieves! Rushdoony, in his magnum opus *The Institutes of Bibli-*

cal Law, quotes a pseudo-Augustinian sermon on this point that is even more direct in its denunciation:

Whoever will not give the tithe appropriates property that does not belong to him. If the poor die of hunger, he is guilty of their murder and will have to answer before God’s judgment seat as a murderer; he has taken that which God has set aside for the poor and kept it for himself. (p. 512)

Apart from the message of God’s sovereignty that the tithe embodies (for those who obey His ordinances in regard to it), the blessings associated with the tithe have some remarkable components. Rushdoony draws attention to the fact that tithing can be instrumental in shifting power into the hands of the “little man.”

Seventh, the tithe restores power to the little man. Today, it is the rich man who dominates most causes; his money counts; he can donate a hundred thousand or a million and make his influence felt. But a thousand little men who tithe can far outweigh the rich man. They can keep a Christian cause from being dominated by a handful. Tithing is the way for the little man to have power with God’s blessing. (p. 5)

Our Lord’s praise for the poor widow who threw her two mites into the temple treasury is poignant proof that God honors those who affirm His Lordship over them and over their substance.

The Hands Are the Hands of Esau

In his book, *The One and the Many*, R. J. Rushdoony notes that the sixth century Hellenistic philosopher Boethius’s doctrine of the Trinity “was outwardly Christian but inwardly Greek” (p. 186). Rushdoony then cites Genesis 27:22: “The voice is Jacob’s voice, but the hands are the hands of Esau,” illustrating a principle beyond the scope of the Genesis narrative. It is what the modern world calls *cognitive dissonance*,

a grating mismatch. The Scriptures swell with examples. James asks if the same spring can pour out both pure and polluted water. Jesus quotes Isaiah concerning a people who honor God with their lips, but whose hearts are far from Him. Ezekiel’s wall of undaubed mortar, Isaiah’s wood that is “not-wood,” or our Lord’s mention of whitened sepulchres, are similar antinomies.

When it comes to tithing, Rushdoony’s citation is perfectly relevant. Christians say one thing, but do another. Our voice is Jacob’s voice, but our hands are the hands of Esau. We’ll talk like Christians, but our actions may convict us of being statist. We’ll talk about the Lordship of Christ, but affirm the contrary in practice. We’ll raise a stink to retain “In God We Trust” on our money, but in practice find our safer harbor in the words, “Backed by the full faith and credit of the United States” posted at the bank.

We may be sending mixed signals, but Christ’s Parable of the Two Sons (Mt. 21:28-31) shows that God knows full well how to filter out the static. Christians piously make a lot of noise about “rendering unto Caesar the things which are Caesar’s, and unto God the things that are God’s.” Yet we are much more faithful in rendering unto Caesar the things that are (allegedly) Caesar’s, which shows where our loyalties actually lie.

When building an altar to God, men were forbidden to touch the stones with tools. The stones were to retain the shape God originally gave them (Dt. 27:5), not reworked by men to achieve a better, more comfortable fit. Figuratively speaking, tithing is a stone of God that has not only been mercilessly chiseled down, it has become chock full of Esau’s fingerprints. Correction: to compare the modern non-tithing Christian to Esau is an insult . . . to Esau. For all his numer-

ous faults, Esau didn't have a greedy bone in his body (Gen. 33:9).

"Christ's Kingdom: How Shall We Build?"

The bold subhead above is the title of a 1981 article by Tom Rose that appeared in the *Journal of Christian Reconstruction*, Vol. 8, No. 1. It is significant that of the four major categories Rose tabulates in answer to the question *How Shall We Build?*, three are directly anchored to a tithe-based economy (education, care of the aged, care of the poor and needy). When Christians pay God's tithe, we are prepared to roll back socialism as Rose has envisioned it. (His fourth category, energy policy, speaks to skewed regulatory policies imposed by governments, which relates indirectly to the tithe but more directly to adopting a broad range of Biblical imperatives on economics.)

With 75% of Prof. Rose's national overhaul being dependent on the tithe,

there can be no doubt that the linkage implied in the title of *this* article, "Tithing and Building," is not only real, but grossly understated. While we fight battles on many intellectual fronts in the social sciences, the hard sciences, taking every thought captive to the obedience of Christ in the realm of the mind, in theory and application, the assertion of God's sovereignty over us must be proclaimed *first* in the way He has appointed. Christian Reconstruction without the tithe is lip service, pure and simple. With American Christians giving a mere 2% of their income on average to institutional churches, that's a lot of lip, considered in the aggregate. We honor God with our lips. But our hearts are glued to our pocketbooks while we feign surprise at God's distance from us. He knows the truth, even if we've managed to corporately numb ourselves to it: by our actions, we've chosen a new sovereign and repudiated the Lord of Glory.

Nonetheless, it can be said of tith-

ing as it was said of Christ Himself: the stone that the builders rejected shall become the head of the corner. God's tithe is the foundation stone for a culture, and until it is properly laid, the only building that can go up is the cardboard shanty town of socialistic humanism. Except the Lord build the house, those who build it labor in vain, while "every plant, which My heavenly Father hath not planted, shall be rooted up" (Mt. 15:13). The stage is set. Choose your stone. ■

Martin G. Selbrede, Vice President of Chalcedon, lives in Woodlands, Texas. Martin is the Chief Scientist at Uni-Pixel Displays, Inc. He has been an advocate for the Chalcedon Foundation for a quarter century, and is set to take over the scholarly responsibilities of R. J. Rushdoony in research and writing.

I. R. J. Rushdoony, *Commentaries on the Pentateuch: Numbers*, p. 196-197, which is being released later this year. In this section Rushdoony is expanding on the excellent work of expositor James Philip.

Without The Tithe There Will Be No Reconstruction of Society.

Tithing and Dominion

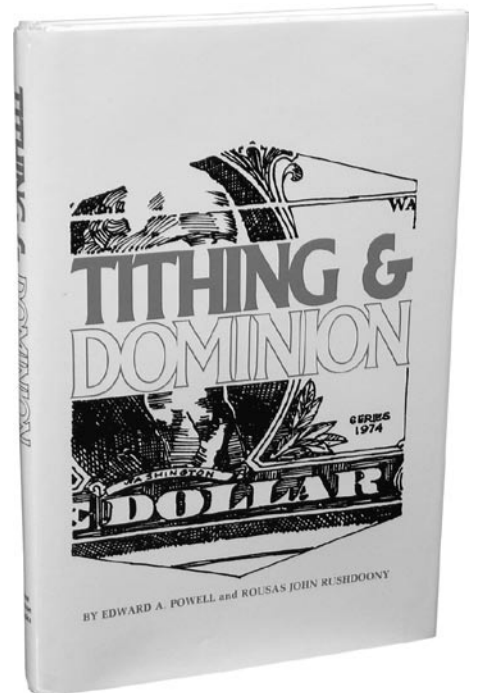
By Edward A. Powell and R.J. Rushdoony.

God's Kingdom covers all things in its scope, and its immediate ministry includes, according to Scripture, the ministry of grace (the church), instruction (the Christian and homeschool), help to the needy (the diaconate), and many other things. God's appointed means for financing His Kingdom activities is centrally the tithe. This work affirms that the Biblical requirement of tithing is a continuing aspect of God's law-word and cannot be neglected. This book is "must reading" as Christians work to take dominion in the Lord's name.

Hardback, 146 pages, index, \$12.00

**Here's some of what you'll discover
in this all-important book:**

- **Tithing and Christian Reconstruction**
- **The Foundation of Christian Reconstruction**
- **Is tithing still the law?**
- **The Tithe in Scripture**
- **Supporting the Kingdom**
- **The Tithe in History**
- **To Whom Do We Tithe?**
- **Sovereignty and Taxation**
- **Economics and Taxation**
- **The Social Tithe**
- **The Rejoicing Tithe**
- **The Poor Tithe**
- **Enforcing God's Taxes**



Fighting Inflation from the Grassroots

by Timothy D. Terrell



Every modern civil government has three ways to raise funds. A government can tax, borrow, or print money. The last two are really extensions of the first. Borrowing is a

promise to tax the population later (and by a larger amount, in order to cover the interest payments). Printing money is really a tax on people who hold money, because inflation reduces the value of the currency and transfers that value to the creator of the new money — the state.

Governments that resort to massive inflation to raise funds are generally those that have been unable to use conventional taxation or borrowing. Russia's high inflation in the early 1990s, for example, was brought on by the country's inability to tax effectively, being an unstable candidate for borrowing, and its failure to cut spending to a level within its means.

The worst inflation rates in the world today are in countries that have corrupt taxation systems, poor credit ratings on international lending mar-

kets, and little other recourse than the printing press. As of 2004 (the most recent data I have available), the worst inflation rate worldwide was in Zimbabwe, at 133%. Others on the top ten list are similarly troubled countries: the Dominican Republic (55.0%), Angola (43.8%), Iraq (25.4%), Suriname (23.0%), Venezuela (22.4%), Haiti (22.0%), Zambia (18.3%), Guinea (18.0%), and Belarus (17.4%). Even these rates are mild compared to the occasional outbreak of hyperinflation. Yugoslavia in January 1994 produced an inflation rate of 313 million percent, and the Hungarian hyperinflation of 1946 resulted in the largest-denomination bank note ever issued by any country—the 100 Million Bil-Pengo, a whopping 100,000,000,000,000,000 units.

The worldwide acceptability of the dollar has softened the impact of

inflation on the U.S. economy, as many of the dollars created by the Federal Reserve have been exported to dollar holders in other countries. As long as the dollar remains in high demand overseas, inflation's effects will be moderated somewhat. But lately the dollar has weakened against other key currencies in the world, such as the euro. If foreign dollar holders should decide that they would rather hold euros, and those foreign dollars start flowing back into the U.S. in large quantities, it could produce a more severe inflation here. A backlog, so to speak, of inflation would be unleashed.

Inflation is really promise-breaking on the part of the state, a breach of faith. This may be why Isaiah compared the Israelites' faithlessness with debased coinage in Isaiah 1:22. In Leviticus 19:35, 36, God commands the use of honest weights and measures. Governments that break their promise to keep the currency stable will break other promises. That is why some of the countries on the "Top Ten" list of the worst inflation rates are countries that have abrogated the rule of law, have terrorized their citizens, and have produced mass misery.

The best long-term strategy for a Christian faced with inflation is to work through the political system to encourage promise-keeping, and to reduce the influence and reach of a promise-breaking state by strengthening the family and church. This is an arduous business, and after a lifetime of effort a faithful worker may see a state more expansive and intrusive than ever before. But a long-term strategy may have short-term components, not least of which is guarding (and expanding) one's assets when inflation threatens to erode them.

In the short run, there are several tactics a family, business, or church may use to fight the effects of inflation. Here

are several, not in any particular order:¹

Gold

This is one of the tried and true hedges against inflation, a favorite (one might say a fetish) of some investment advisers. And not without reason. Gold tends to rise in price as general inflation rates rise, and a few who invested in the 1970s were in a very good position by the early 1980s. The \$35 per ounce price in 1970 had been driven to nearly \$850 an ounce by January 1980.

Gold, however, does not tend to do as well as alternative investments in normal economic circumstances. Long-term, it will tend to keep up with inflation, but other investments like stocks, bonds, real estate, or a family business will often produce far better returns. Gold, for the average investor, is a kind of lifeboat investment — very good to have if normal economic conditions turn abnormal, but otherwise not what you expect to get you to your financial destination. For that reason, most advisors recommend that a small percentage of one's portfolio be invested in gold.

Investing in gold can be cumbersome, especially if one intends to take physical possession of it. It has to be shipped, at no small cost in money and hassle, there are commissions to pay, and some arrangement has to be made for secure storage. In normal circumstances, dealing with physical gold is more difficult than handling stocks, bonds, or other financial assets.

However, in abnormal circumstances it is nice to have something portable and private that does not depend on an extensive network of distant firms to maintain its liquidity. Currency fits that description too, but when those abnormal circumstances also involve high inflation rates, gold rather than currency may be desirable. It is somewhat surprising that the dense value and the privacy of gold have not made

it more attractive than currency to drug dealers and other criminals who make large financial transactions. Perhaps as inflation continues to erode the value of our highest-denomination bill — the \$100 — criminals will turn to gold to make large transactions. And then, just as our current legal system has attached the presumption of guilt to those who carry large amounts of currency, those who hold large amounts of gold may be presumed guilty as well. Confiscation could be a threat.

If physical gold is being held as security against general financial calamity, a safe deposit box may not be the best place to keep it. These boxes can be frozen, if not seized outright, in a financial emergency. On March 9, 1933, Franklin D. Roosevelt began the process of forcing the exchange of privately held gold for Federal Reserve Notes, and shut Americans out of their banks by executive order. There is no reason to believe this could not happen again.

Silver also responds well to inflation, though it seems to have been influenced more by industrial demand than gold has. Its lower per-ounce value means that if the dollar ever utterly collapses it would be of more use in everyday exchanges. However, the history of hyperinflations shows that people will continue to use the inflating currency or exchange it for a more stable foreign currency. If the dollar ever hyperinflates, I believe a return to gold and silver coinage in daily exchange is less likely than a flight to the euro or some other reasonably stable currency.

Conventional Investments

Over time, the stock market has provided a rate of return that has beat inflation. Investments in the stock market can be set up specifically to provide a hedge against inflation. Gold stocks tend to rise, often faster than gold itself, when inflation is a threat. In the bond

market, there are inflation-adjusted Treasury bills that can provide a mix of liquidity (compared to physical gold), security, and compensation for inflation.

An alternative would be investing in foreign currencies, if the inflation in the United States is expected to be worse than in other countries. The euro has done very well against the dollar in recent years, and holding euros in a bank account in the United States is feasible.

Real estate can also hold value well through an inflation. There have been some concerns lately about a possible real estate bubble in the United States, but it is not clear that real estate is any more prone to bubbles than stocks. Even gold could be said to have gone through bubbles, as the decline in gold prices after 1980 seems to indicate. Many American homeowners are already invested heavily in real estate through their own homes, although not in a very diversified way. Though home values will fluctuate with local demand and supply conditions, and the deterioration or improvement in the condition of the building, homes will also tend to appreciate with inflation.

Debt and Inflation

In my economics classes I teach that unexpected inflation favors the debtor. That is, as the value of the dollar falls due to inflation, the value of a fixed loan payment also falls. That being said, I believe it is still a good idea to get out of debt. Many loans, including some home loans, car loans, and of course credit cards, have adjustable rates. As interest rates go up with inflation, the payments will tend to go up as well. Adjustable rate loans do tend to have lower rates than fixed-rate loans. That is because a lender who offers a fixed rate is taking the risk that the market rate will rise, whereas a lender offering an adjustable rate is handing that risk over to the borrower.

For some of us, inflation will carry our wages and salaries up along with the prices of the things we purchase. But this is not always the case, and anyway the price of your labor may not rise as rapidly as your obligations on adjustable rate loans.

Inflation and Recession

In some ways, preparing for inflation should be like preparing for a recession. According to some economists, inflation leads to recession because of the massive economic distortions inflation produces. When the central bank increases the money supply, the money does not enter the economy evenly, and not all prices will increase at the same rate. Those firms closest to the source of the new money (the government) will benefit. By analogy, the friends of a producer of undetectable counterfeit currency, and merchants who sell to that person, would benefit. Those who shop at the same store as the counterfeiter and his friends would be worse off, as the counterfeiter bids up the prices in the store. As the Austrian economist Ludwig von Mises wrote, “[W]hen inflation starts, different groups within the population are affected by this inflation in different ways. Those groups who get the new money first gain a temporary benefit.”² Later, Mises wrote that the inflation during World War II benefited munitions workers and put teachers and ministers (who were relatively far from the source of inflation) at a disadvantage.

[T]he teachers and ministers were among those who were most penalized by inflation, for the various schools and churches were the last to realize that they must raise salaries. When the church elders and the school corporations finally discovered that after all, one should also raise the salaries of those dedicated people, the earlier losses they had suffered still remained.³

Practically speaking, this means that

it helps to have a job in an industry that is recession-resistant. Some industries, like construction or auto sales, seem to have a worse time during a recession, while others, perhaps health care or grocery stores, seem to be a little better off.

It also helps to have some savings set aside for a possible job loss, though of course it will need to be in some form that will increase in value as inflation rises. Savings instruments with a fixed interest rate (as with some bonds and CDs) will not adjust for inflation. A regular bank account might be better, since it is highly liquid and the interest rate is somewhat linked to inflation. Less liquid and more variable investments, like your home or stocks, may not be the best insurance against unemployment. The time of unemployment may coincide with a downturn in the stock market, and you do not want to have to sell stock at low prices. Selling a house is expensive, time-consuming, and traumatic, and again, the time of unemployment may coincide with a time when many homes are being sold at distress prices for similar reasons.

The Church and Inflation

The church has a responsibility to condemn inflation as a form of theft. But its responsibilities extend beyond making pronouncements — the church has to pay attention to how inflation is affecting those who minister in the church. Pastors who are receiving pay “raises” of one or two percent a year are really receiving pay cuts, as inflation erodes the real value of their paycheck faster than the small nominal increase. Maybe the finances of the church require a pay cut, or perhaps the rise in value of fringe benefits like health insurance more than compensate for a small salary increase. However, we should not pretend that a small nominal increase in pay translates into a small real increase in pay.

Foreign missionaries can suffer even more, because when the inflation rate in the United States is higher than the inflation rate in the mission field, the purchasing power of their support can fall dramatically. I know a missionary to the Czech Republic whose support was effectively cut by about a fourth several years ago by the dollar's loss in value. Missionaries are often ill-prepared for these monetary fluctuations, and their work can be seriously curtailed when their income is slashed. As I have suggested in another article for Chalcedon, it may make more sense to pay missionaries in the currency they will be using in the mission field, adjusting as well for the foreign inflation rate. For churches, this may mean occasionally increasing the missionary budget when the value of the dollar falls relative to foreign currencies, and maybe reducing the budget when the value of the dollar rises. It may require the diaconate or mission committee to pay more attention to the *Wall Street Journal*, but linking the budget to inflation rates at least takes the burden off the missionary family.

The Government's Response to Inflation

When governments cause inflation, it is typical for them to try to conceal inflation's effects. When prices go up, thanks to the central bank, the government blames businesses and slaps price controls on the economy. This was President Nixon's approach, and if severe inflation returns, we should expect more of the same. The shortages that result — and the time people spend waiting in line — is a kind of hidden inflation. Consumers may not pay in dollars, but they do pay in lost time. Last year, when gasoline prices rose dramatically after Hurricane Katrina, some suggested that price controls would be the best government response. Thankfully, the federal government did not impose price caps,

and the shortages only appeared in states that imposed their own controls (like Hawaii).

It is hard to know how to best prepare for the shortages that develop when there are price controls. Stockpiling is expensive and probably not the best response, though when certain shortages appear imminent it can make perfect sense to stockpile. (Last September, I joined many other Americans and filled up my gas tanks and two five-gallon cans as well. How was anyone to know whether price controls would appear the next day, creating massive shortages?)

Conclusion

Ben Bernanke, the new chairman of the Federal Reserve, faces a number of serious challenges. He recently expressed concern for the large federal deficit, in response to the projected \$423 billion deficit for the fiscal year ending September 30. Bernanke has shown some consistency with the Alan Greenspan Fed's pattern of raising interest rates lately, but some are concerned that Bernanke faces more fallout from the Greenspan days than he can handle.

Greenspan tended to supply ample new money when the market faced a crisis, and this can produce serious problems. *MSN Money* columnist Jim Jubak has argued that this practice encourages risky behavior. "If the Fed will bail out the market, why worry about the consequences of very risky financial behavior?"⁴ Bernanke might reap the consequences, which might include rising inflation, a derivatives market crisis, and a deflating housing bubble. Rising gold prices testify to the market's concerns about future inflation. For Christians who want to be wise stewards in a changing economic environment, taking steps to avoid inflation seems advisable.

Timothy Terrell teaches economics at a

Classified Ad

Presbyterian Congregation Seeking Pastor

Bethel Presbyterian Church (PCA) is seeking a pastor. Bethel was founded in 1979 in Lake Charles, LA a city of 75,000, and is a loving covenant family of approximately 75 members and regular attendees. The ages of our congregation include members under a year old to over 80 years old.

Our congregation is interested in a man who is thoroughly reformed and believes and teaches that Christ and His church should be central in every believer's life. We believe that the Scripture is our rule of life and practice and we desire intelligent, faithful preaching which has practical application, teaching us how we can apply the Scripture to our daily lives. The ability to become involved in the lives of the members and to give wise and biblical counsel is paramount.

Bethel practices a liturgical form of worship. The centrality of the Scripture and its authority in our lives, the weekly observance of the sacraments, psalms and traditional hymns, creeds, corporate confession of sin, and responsive readings are all important aspects of our Sabbath worship.

Bethel is about a mile away from McNeese State University (enrollment over 8000) and the ability to develop and teach a college outreach is desirable. The level of education of the members of the congregation is higher than the demographics of our city. Most of our adult members have college degrees or are in school, and over a third have graduate degrees. This being said, we are teachable and ready to be led by our pastor.

We are especially interested in a pastor who would be involved in the lives of the congregation. A successful candidate must place a high priority on frequent fellowship and hospitality. In return he and his family can count on being central in our lives. Our congregation has historically been very supportive of our pastors and their families, meeting financial and physical needs, giving room for personal growth, and willing to follow solid biblical teaching.

If interested, please contact the chairman of our search committee.

Doug Barberousse
337-824-2016
harvesthome@centurytel.net

North, Corruption ... cont. from page 17

inconceivable prior to August 1914. In 1933, President Roosevelt confiscated all gold from Americans. That was the end of monetary freedom in the West.

A gold standard is no more reliable than the government's willingness to enforce contracts. As that willingness has declined, so have the prospects of a gold standard. Except for gold coins in an economy that uses gold coins as money, there is no gold standard. There is only a paper standard that promises to redeem gold on demand.

Rushdoony warned men not to trust in legal documents in an age of larceny and statism. He had in mind the U.S. Constitution. The warning applies equally well to the gold standard.

Conclusion

A free market creates money. A free market monetary system is more reliable than a government-run monetary system. If the government will enforce a law against fractional reserve banking as part of its anti-fraud statutes, nothing more is needed.

Governments have always asserted sovereignty over money. There is nothing Biblically to indicate that this is mandated by God. There is nothing in logic that identifies money as a mark of civil sovereignty. But governments cannot resist a little larceny: a way to spend more money than it takes in from taxes. And so our silver became dross, our wine mixed with water. Then it was removed altogether: all dross, no silver.

Thus, we can be sure:

Our princes are rebellious, and companions of thieves: every one loveth gifts, and followeth after rewards: they judge not the fatherless, neither doth the cause of the widow come unto them. (Isa. 1:23) ■

Dr. Gary North is the noted author of numerous works on economics and history and is a co-founder of Christian Reconstruction. He continues to pour out a steady stream of writing and commentary and you can learn more about his work at www.garynorth.com and www.freebooks.com.

1. (See www.snipurl.com/chinesecurrency.)
2. (See <http://snipurl.com/form10401913>.)

Recommended Reading

Many of our readers are unschooled in the science of economics. Economic issues can get technical and difficult to understand. Yet they are vitally important, which is why we asked our writers in this issue to compile a recommended reading list. These books and articles focus on the history of the Federal Reserve Board and its influence on America's economic life. In addition to R.J. Rushdoony's classics, *Tithing and Dominion* and *Larceny in the Heart* (all available thorough Ross House Books), we recommend the following:

1. ***The Case Against the Fed*** by Murray Rothbard (\$5 from the Mises Institute: <http://www.mises.org>)
2. ***What Has Government Done to Our Money?*** by Murray Rothbard (A print copy is available for \$17, or a free online version, from the Mises Institute: <http://www.mises.org>.)
3. ***Honest Money*** by Gary North (available at <http://www.garynorth.com>)
4. ***The Creature from Jekyll Island*** by G. Edward Griffin (available through America Media, Westlake Village, CA)
5. ***Fifty Years of Managed Money*** by Elgin Groseclose (available through Books Inc., NY)
6. ***America's Money Machine*** by Elgin Groseclose (available through Arlington House Publishers, Westport, CT)
7. ***The Secrets of the Federal Reserve*** by Eustace Mullins (available through Bankers Research Institute, Staunton, VA)
8. ***The Case Against the Federal Reserve*** by Murray Rothbard (available through the Ludwig von Mises Institute, Auburn, AL)
9. ***America's Great Depression*** by Murray Rothbard (available through Van Nostrand, Princeton, NJ)
10. ***The Rationale of Central Banking and the Free Banking Alternative*** by Vera C. Smith (available through Liberty Press, Indianapolis, IN).
11. ***God, Gold, and Civil Government*** by Tom Rose (available through American Enterprise Publications, Mercer, PA)
12. Also see the archives of ***The Chalcedon Report*** (www.chalcedon.edu) for articles on the Federal Reserve, money and banking, and investing in gold and silver.

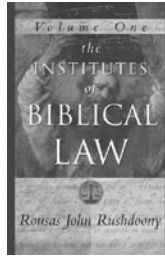
No, we're not trying to trick you into taking a course in macro-economics. These readings will simply help you better understand the issues.

biblical law

The Institute of Biblical Law **(In three volumes, by R.J. Rushdoony)** **Volume I**

Biblical Law is a plan for dominion under God, whereas its rejection is to claim dominion on man's terms. The general principles (commandments) of the law are discussed as well as their specific applications (case law) in Scripture. Many consider this to be the author's most important work.

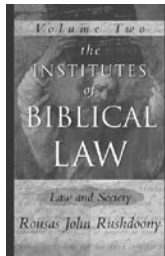
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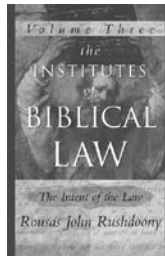
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Volume III, The Intent of the Law

"God's law is much more than a legal code; it is a covenantal law. It establishes a personal relationship between God and man." The first section summarizes the case laws. The author tenderly illustrates how the law is for our good, and makes clear the difference between the sacrificial laws and those that apply today. The second section vividly shows the practical implications of the law. The examples catch the reader's attention; the author clearly has had much experience discussing God's law. The third section shows that would-be challengers to God's law produce only poison and death. Only God's law can claim to express God's "covenant grace in helping us."

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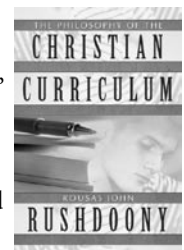


education

The Philosophy of the Christian Curriculum

By R.J. Rushdoony. The Christian School represents a break with humanistic education, but, too often, in leaving the state school, the Christian educator has carried the state's humanism with him. A curriculum is not neutral: it is either a course in humanism or training in a God-centered faith and life. The liberal arts curriculum means literally that course which trains students in the arts of freedom. This raises the key question: is freedom in and of man or Christ? The Christian art of freedom, that is, the Christian liberal arts curriculum, is emphatically not the same as the humanistic one. It is urgently necessary for Christian educators to rethink the meaning and nature of the curriculum.

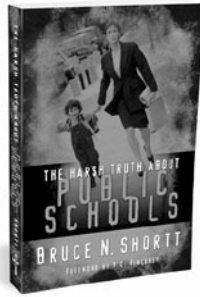
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By R.J. Rushdoony. This book was a resolute call to arms for Christians to get their children out of the pagan public schools and provide them with a genuine Christian education. Dr. Rushdoony had predicted that the humanist system, based on anti-Christian premises of the Enlightenment, could only get worse. He knew that education divorced from God and from all transcendental standards would produce the educational disaster and moral barbarism we have today. The title of this book is particularly significant in that Dr. Rushdoony was able to identify the basic contradiction that pervades a secular society that rejects God's sovereignty but still needs law and order, justice, science, and meaning to life.



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The Messianic Character of American Education

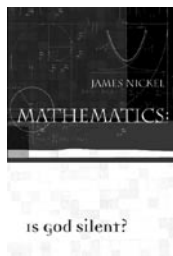
By R.J. Rushdoony. This study reveals an important part of American history: From Mann to the present, the state has used education to socialize the child. The school's basic purpose, according to its own philosophers, is not education in the traditional sense of the 3 R's. Instead, it is to promote "democracy" and "equality," not in their legal or civic sense, but in terms of the engineering of a socialized citizenry. Public education became the means of creating a social order of the educator's design. Such men saw themselves and the school in messianic terms. This book was instrumental in launching the Christian school and homeschool movements.



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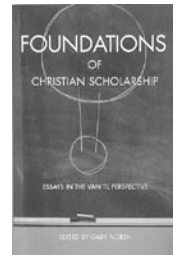


science and religion. It will serve as a solid refutation for the claim, often made in court, that mathematics is one subject, which cannot be taught from a distinctively Biblical perspective.

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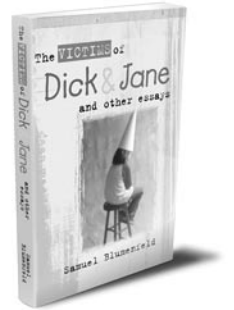
Edited by Gary North. These are essays developing the implications and meaning of the philosophy of Dr. Cornelius Van Til for every area of life. The chapters explore the implications of Biblical faith for a variety of disciplines.



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By Samuel L. Blumenfeld. America's most effective critic of public education shows us how America's public schools were remade by educators who used curriculum to create citizens suitable for their own vision of a utopian socialist society. This collection of essays will show you how and why America's public education declined. You will see the educator-engineered decline of reading skills. The author describes the causes for the decline and the way back to competent education methodologies that will result in a self-educated, competent, and freedom-loving populace.



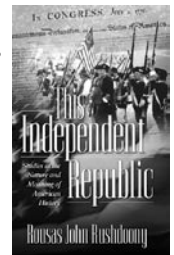
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american history & the constitution

Independent Republic

By Rousas John Rushdoony. First published in 1964, this series of essays gives important insight into American history by one who could trace American development in terms of the Christian ideas which gave it direction.

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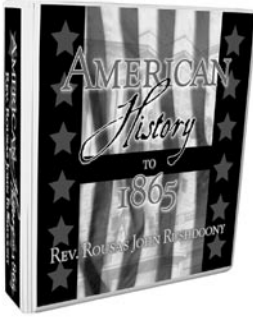
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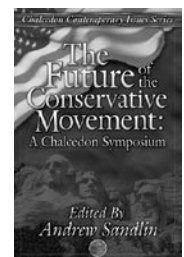
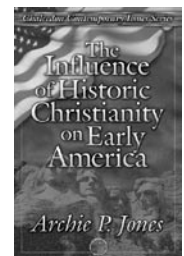
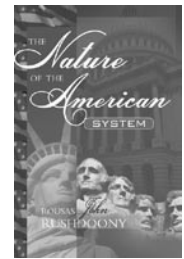
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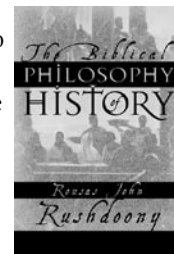
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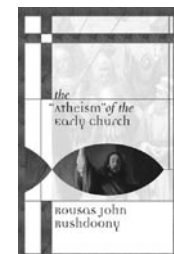
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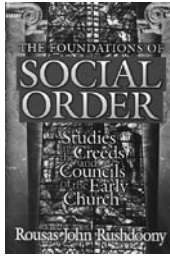
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consciously denied such esteem to all other claimants. Today the church must take a similar stand before the modern state.

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philosophy

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By Rousas John Rushdoony. For centuries on end, humanistic philosophers have produced endless books and treatises which attempt to explain reality without God or the mediatory work of His Son, Jesus Christ. Modern philosophy has sought to explain man and his thought process without acknowledging God, His Revelation, or man's sin. God holds all such efforts in derision and subjects their authors and adherents to futility. Philosophers who rebel against God are compelled to *abandon meaning itself*, for they possess neither the tools nor the place to anchor it. The works of darkness championed by philosophers past and present need to be exposed and reprov'd.



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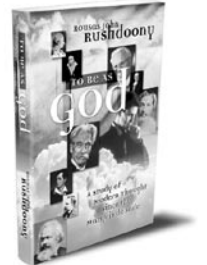


but himself. Because of this impasse, modern thinking has become progressively pragmatic. This book will lead the reader to understand that this problem of knowledge underlies the isolation and self-torment of modern man. Can you know anything if you reject God and His revelation? This book takes the reader into the heart of modern man's intellectual dilemma.

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By R.J. Rushdoony. Subtitled *A Study of the Effect of Neoplatonism on Christianity*.

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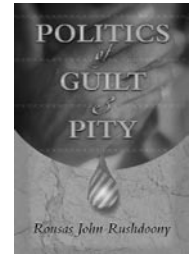


psychology

Politics of Guilt and Pity

By R.J. Rushdoony. From the foreword by Steve Schlissel: "Rushdoony sounds the clarion call of liberty for all who remain oppressed by Christian leaders who wrongfully lord it over the souls of God's righteous ones.... I pray that the entire book will not only instruct you in the method and content of a Biblical worldview, but actually bring you further into the glorious freedom of the children of God. Those who walk in wisdom's ways become immune to the politics of guilt and pity."

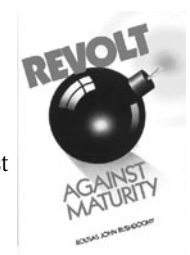
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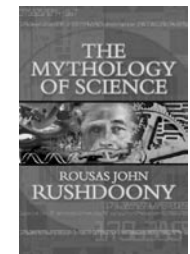


science

The Mythology of Science

By R.J. Rushdoony. This book points out the fraud of the empirical claims of much modern science since Charles Darwin. This book is about the religious nature of evolutionary thought, how these religious presuppositions underlie our modern intellectual paradigm, and how they are deferred to as sacrosanct by institutions and disciplines far removed from the empirical sciences. The "mythology" of modern science is its religious devotion to the myth of evolution. Evolution "so expresses or coincides with the contemporary spirit that its often radical contradictions and absurdities are never apparent, in that they express the basic presuppositions, however untenable, of everyday life and thought." In evolution, man is the highest expression of intelligence and reason, and such thinking will not yield itself to submission to a God it views as a human cultural creation, useful, if at all, only in a cultural context. The basis of science and all other thought will ultimately be found in a higher ethical and philosophical context; whether or not this is seen as religious does not change the nature of that context. "Part of the mythology of modern evolutionary science is its failure to admit that it is a faith-based paradigm."

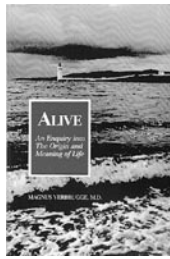
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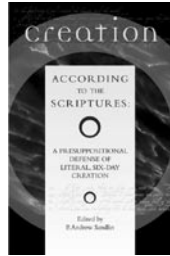
By Dr. Magnus Verbrugge, M.D. This study is of major importance as a critique of scientific theory, evolution, and contemporary nihilism in scientific thought. Dr. Verbrugge, son-in-law of the late Dr. H. Dooyeweerd and head of the Dooyeweerd Foundation, applies the insights of Dooyeweerd's thinking to the realm of science. Animism and humanism in scientific theory are brilliantly discussed.



Paperback, 159 pages, \$14.00

Creation According to the Scriptures

Edited by P. Andrew Sandlin. Subtitled: *A Presuppositional Defense of Literal Six-Day Creation*, this symposium by thirteen authors is a direct frontal assault on all waffling views of Biblical creation. It explodes the "Framework Hypothesis," so dear to the hearts of many respectability-hungry Calvinists, and it throws down the gauntlet to all who believe they can maintain a consistent view of Biblical infallibility while abandoning literal, six-day creation. It is a must reading for all who are observing closely the gradual defection of many allegedly conservative churches and denominations, or who simply want a greater grasp of an orthodox, God-honoring view of the Bible.



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economics

Making Sense of Your Dollars: A Biblical Approach to Wealth

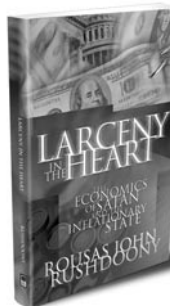
By Ian Hodge. The author puts the creation and use of wealth in their Biblical context. Debt has put the economies of nations and individuals in dangerous straits. This book discusses why a business is the best investment, as well as the issues of debt avoidance and insurance. Wealth is a tool for dominion men to use as faithful stewards.



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Larceny in the Heart: The Economics of Satan and the Inflationary State

By R.J. Rushdoony. In this study, first published under the title *Roots of Inflation*, the reader sees why envy often causes the most successful and advanced members of society to be deemed criminals. The reader is shown how envious man finds any superiority in others intolerable and how this leads to a desire for a leveling. The author uncovers the larceny in the heart of



man and its results. See how class warfare and a social order based on conflict lead to disaster. This book is essential reading for an understanding of the moral crisis of modern economics and the only certain long-term cure.

Paperback, 144 pages, indices, \$18.00

Christianity and Capitalism

By R.J. Rushdoony. In a simple, straightforward style, the Christian case for capitalism is presented. Capital, in the form of individual and family property, is protected in Scripture and is necessary for liberty.

Pamphlet, 8 pages, \$1.00

A Christian View of Vocation: The Glory of the Mundane

By Terry Applegate. To many Christians, business is a "dirty" occupation fit only for greedy, manipulative unbelievers. The author, a successful Christian businessman, explodes this myth in this hard-hitting title.

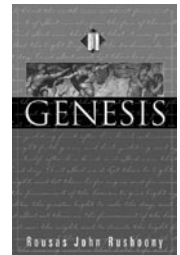


Pamphlet, 12 pages, \$1.00

biblical studies

Genesis, Volume I of Commentaries on the Pentateuch

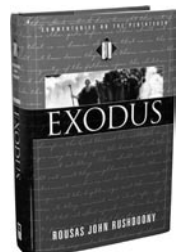
By Rousas John Rushdoony. *Genesis* begins the Bible, and is foundational to it. In recent years, it has become commonplace for both humanists and churchmen to sneer at anyone who takes Genesis 1-11 as historical. Yet to believe in the myth of evolution is to accept trillions of miracles to account for our cosmos. Spontaneous generation, the development of something out of nothing, and the blind belief in the miraculous powers of chance, require tremendous faith. Darwinism is irrationality and insanity compounded. Theology without literal six-day creationism becomes alien to the God of Scripture because it turns from the God Who acts and Whose Word is the creative word and the word of power, to a belief in process as god. The god of the non-creationists is the creation of man and a figment of their imagination. They must play games with the Bible to vindicate their position. Evolution is both naive and irrational. Its adherents violate the scientific canons they profess by their fanatical and intolerant belief. The entire book of Genesis is basic to Biblical theology. The church needs to re-study it to recognize its centrality.



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Essentially, all of mankind is on some sort of an exodus. However, the path of fallen man is vastly

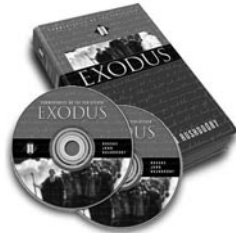


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different from that of the righteous. Apart from Jesus Christ and His atoning work, the exodus of a fallen humanity means only a further descent from sin into death. But in Christ, the exodus is now a glorious ascent into the justice and dominion of the everlasting Kingdom of God. Therefore, if we are to better understand the gracious provisions made for us in the "promised land" of the New Covenant, a thorough examination into the historic path of Israel as described in the book of Exodus is essential. It is to this end that this volume was written.

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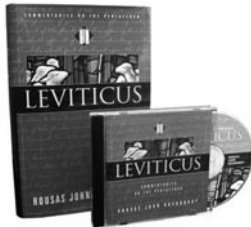
Leviticus, Volume III of Commentaries on the Pentateuch

Much like the book of *Proverbs*, any emphasis upon the practical applications of God's law is readily shunned in pursuit of more "spiritual" studies. Books like *Leviticus* are considered dull, overbearing, and irrelevant. But man was created in God's image and is duty-bound to develop the implications of that image by obedience to God's law.

The book of *Leviticus* contains over ninety references to the word *holy*. The purpose, therefore, of this third book of the Pentateuch is to demonstrate the legal foundation of holiness in the totality of our lives. This present study is dedicated to equipping His church for that redemptive mission.

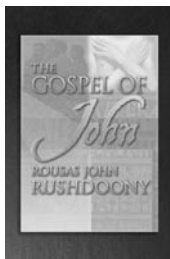
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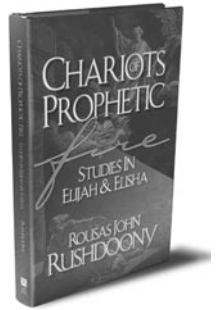
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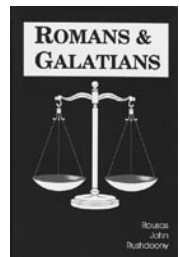


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The great problem in the church's interpretation of Scripture has been its ecclesiastical orientation, as though God speaks only to the church, and commands only the church. The Lord God speaks in and through His Word to the whole man, to every man, and to every area of life and thought... To assume that the Triune Creator of all things is in His word and person only relevant to the church is to deny His Lordship or sovereignty. If we turn loose the whole Word of God onto the church and the world, we shall see with joy its power and glory. This is the purpose of my brief comments on Romans."

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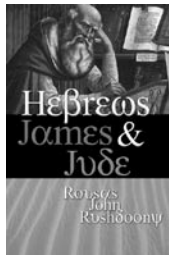
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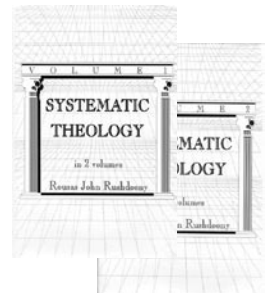
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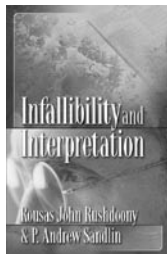
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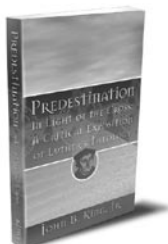
By Rousas John Rushdoony & P. Andrew Sandlin. The authors argue for infallibility from a distinctly presuppositional perspective. That is, their arguments are unapologetically circular because they believe all ultimate claims are based on one's beginning assumptions. The question of Biblical infallibility rests ultimately in one's belief about the character of God. They believe man is a creature of faith, not, following the Enlightenment's humanism, of reason. They affirm Biblical infallibility because the God Whom the Bible reveals could speak in no other way than infallibly, and because the Bible in which God is revealed asserts that God alone speaks infallibly. Men deny infallibility to God not for intellectual reasons, but for ethical reasons—they are sinners in rebellion against God and His authority in favor of their own. The authors wrote convinced that only by a recovery of faith in an infallible Bible and obedience to its every command can Christians hope to turn back evil both in today's church and culture.



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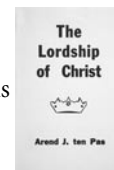
systematic perspectives. The author defends predestination from the perspective of Martin Luther, showing he was as vigorously predestinarian as John Calvin. At the same time, the author provides a compellingly systematic theological understanding of predestination. This book will give the reader a fuller understanding of the sovereignty of God.

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By Charles D. Provan. For the last century, Christians have been told that God has an unconditional love for persons racially descended from Abraham. Membership in Israel is said to be a matter of race, not faith. This book repudiates such a racist viewpoint and abounds in Scripture references which show that the blessings of Israel were transferred to all those who accept Jesus Christ as Lord and Savior.

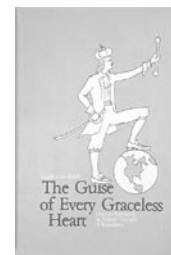
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By Joseph M. Canfield. This powerful and fully documented study exposes the questionable background and faulty theology of the man responsible for the popular Scofield Reference Bible, which did much to promote the dispensational system. The story is disturbing in its historical account of the illusive personality canonized as a dispensational saint and calls into question the seriousness of his motives and scholarship.

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The Will of God of the Will of Man

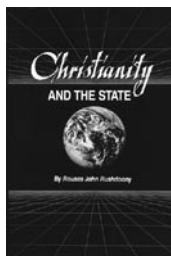
By Mark R. Rushdoony. God’s will and man’s will are both involved in man’s salvation, but the church has split in answering the question, “Whose will is determinative?”

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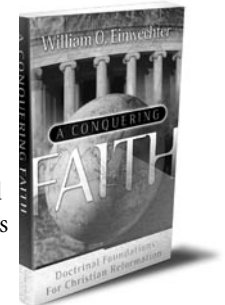
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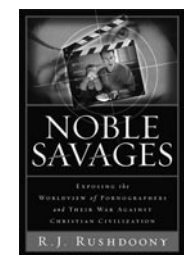


Noble Savages: Exposing the Worldview of Pornographers and Their War Against Christian Civilization

In this powerful book *Noble Savages* (formerly *The Politics of Pornography*) Rushdoony demonstrates that in order for modern man to justify his perversion he must reject the Biblical doctrine of the fall of man. If there is no fall, the Marquis de Sade argued, then all that man does is normative. Rushdoony concluded, “[T]he world will soon catch up with Sade, unless it abandons its humanistic foundations.”

In his conclusion Rushdoony wrote, “Symptoms are important and sometimes very serious, but it is very wrong and dangerous to treat symptoms rather than the underlying disease. Pornography is a symptom; it is not the problem.” What is the problem? It’s the philosophy behind pornography — the rejection of the fall of man that makes normative all that man does. Learn it all in this timeless classic.

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Edited by Elizabeth Fellersen. The law of God makes clear how important and how central marriage is. God the Son came into the world neither through church nor state but through a family. This tells us that marriage, although nonexistent in heaven, is, all the same, central to this world. We are to live here under God as physical creatures whose lives are given their great training-ground in terms of the Kingdom of God by marriage. Our Lord stresses the fact that marriage is our normal calling. This book consists of essays on the importance of a proper Christian perspective on marriage.

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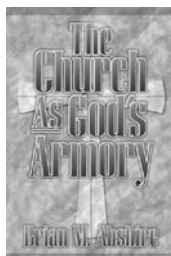
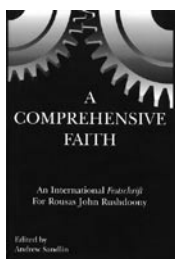
A Comprehensive Faith

Edited by Andrew Sandlin. This is the surprise *Festschrift* presented to R.J. Rushdoony at his 80th birthday celebration in April, 1996. These essays are in gratitude to Rush's influence and elucidate the importance of his theological and philosophical contributions in numerous fields. Contributors include Theodore Letis, Brian Abshire, Steve Schlissel, Joe Morecraft III, Jean-Marc Berthoud, Byron Snapp, Samuel Blumenfeld, Christine and Thomas Schirrmacher, Herbert W. Titus, Owen Fourie, Ellsworth McIntyre, Howard Phillips, Joseph McAuliffe, Andrea Schwartz, David Estrada-Herrero, Stephen Perks, Ian Hodge, and Colonel V. Doner. Also included is a forward by John Frame and a brief biographical sketch of R. J. Rushdoony's life by Mark Rushdoony. This book was produced as a "top-secret" project by Friends of Chalcedon and donated to Ross House Books. It is sure to be a collector's item one day.

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The Church as God's Army

By Brian Abshire. What if they gave a war and nobody came? In the great spiritual battles of the last century, with the soul of an entire culture at stake, a large segment of the evangelical church went AWOL. Christians retreated into a religious ghetto, conceding the world to the Devil and hoping anxiously that the rapture would come



soon and solve all their problems. But the rapture did not come, and our nation only slid further into sin.

God's people must be taught how to fight and win the battles ahead. In this small volume, you will discover how the church is God's army, designed by Him to equip and train His people for spiritual war and prepare them for victory.

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eschatology

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By R.J. Rushdoony. First published in 1970, this book helped spur the modern rise of postmillennialism. Revelation's details are often perplexing, even baffling, and yet its main meaning is clear—it is a book about victory. It tells us that our faith can only result in victory. "This is the victory that overcomes the world, even our faith" (1 John 5:4). This is why knowing Revelation is so important. It assures us of our victory and celebrates it. Genesis 3 tells us of the fall of man into sin and death. Revelation gives us man's victory in Christ over sin and death. The vast and total victory, in time and eternity, set forth by John in Revelation is too important to bypass. This victory is celebrated in Daniel and elsewhere, in the entire Bible. We are not given a Messiah who is a loser. These eschatological texts make clear that the essential good news of the entire Bible is victory, total victory.

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**Thine is the Kingdom:
A Study of the Postmillennial Hope**

Edited by Kenneth L. Gentry, Jr. Israel's misunderstanding of eschatology eventually destroyed her by leading her to reject the Messiah and the coming of the Kingdom of Heaven. Likewise, false eschatological speculation is destroying the church today, by leading her to neglect her Christian calling and to set forth false expectations. In this volume, edited by Kenneth L. Gentry, Jr., the reader is presented with a blend of Biblical exegesis of key Scripture passages, theological reflection on important doctrinal issues, and practical application for faithful Christian living.

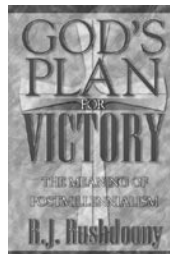


Thine is the Kingdom lays the scriptural foundation for a Biblically-based, hope-filled postmillennial eschatology, while showing what it means to be postmillennial in the real world. The book is both an introduction to and defense of the eschatology of victory. Chapters include contemporary writers Keith A. Mathison, William O. Einwechter, Jeffrey Ventrella, and Kenneth L. Gentry, Jr., as well as chapters by giants of the faith Benjamin B. Warfield and J.A. Alexander. This work should prove immensely helpful for understanding and defending the postmillennial hope. It should also enliven our prayer to God as we faithfully pray: "Thy kingdom come, thy will be done on earth as it is in heaven . . . thine is the kingdom and the power and the glory forever. Amen."

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God's Plan for Victory

By R.J. Rushdoony. An entire generation of victory-minded Christians, spurred by the victorious postmillennial vision of Chalcedon, has emerged to press what the Puritan Fathers called "the Crown Rights of Christ the King" in all areas of modern life. Central to that optimistic generation is Rousas John Rushdoony's jewel of a study, *God's Plan for Victory* (originally published in 1977).



The founder of the Christian Reconstruction movement set forth in potent, cogent terms the older Puritan vision of the irrepressible advancement of Christ's kingdom by His faithful saints employing the entire law-Word of God as the program for earthly victory.

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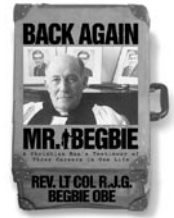


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biography

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