

# THE TRINITY REVIEW

For though we walk in the flesh, we do not war according to the flesh, for the weapons of our warfare [are] not fleshly but mighty in God for pulling down strongholds, casting down arguments and every high thing that exalts itself against the knowledge of God, bringing every thought into captivity to the obedience of Christ. And they will be ready to punish all disobedience, when your obedience is fulfilled.

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## Money, Freedom, and the Bible

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It seems odd to twentieth century secular men to suggest that the Bible has anything important to say about money and freedom; it seems even more odd to suggest that we ought to believe what it says. The secular man has his bias, and I do not wish to argue against that bias here; I have done so in various other places. What I wish to accomplish today is to give you some idea of what the Bible says about money and freedom, and largely let the argument for believing what the Bible says remain for another place and time. Suffice it to say that in former times many men believed, as John Wycliffe expressed it, that "All law, all philosophy, all logic and all ethics are in Holy Scripture.... In Holy Scripture is all truth."

The modern age, of course, denies this; the modern age denies that there is such a thing as truth, and asserts that if there were, the Bible ought to be the last document to be considered true. Even many persons calling themselves Christians deny that "in Holy Scripture is all truth." But it was a common opinion of former times.

It was in those former times that many of the institutions that have granted us political and economic freedom and permitted us to prosper were created; they were not based upon secular assumptions. It is unlikely that in 1989 any representative group of men could be assembled within the United States who could draft a constitution for a government as carefully constructed as the one we received in 1787. This is

not because modern men are more ignorant than the men of the 18th century; as far as quantity of information goes, the secular 20th century far surpasses the 18th. No, it is because modern men no longer believe what Americans of the 18th century believed. This is an important point in both talks I will give at this conference, and I wish to underscore it. Understanding what the Bible says about money and freedom, then, may help even modern men understand the foundations of the society in which they live.

Money is mentioned frequently in the Bible. A quick look at a concordance indicates that the words *money*, *weight*, *denarius*, *talent*, etc. occur scores, if not hundreds, of times and in most of the books of the Bible. Christ himself used money as illustrations in several of his parables. There is the parable of the talents, the parable of the woman who lost a silver coin, and of a man who found a treasure buried in a field. Christ used money as an illustration because nearly everyone is familiar with money, and nearly everyone places value upon it.

When the Pharisees came to Christ trying to trick him, and asked him whether it is lawful to pay taxes to Caesar, he spoke of tribute money. The Greek word here translated *money* is the word from which we get our word *numismatics*, *nomisma*. A Greek word used in the New Testament, *argyion*, is translated both as silver and as money. A common word for money in the Old Testament was *shekel*, which was a standard measure of weight. After coins were invented, the name became attached to a

coin in a process similar to the evolution of the British pound. Today, if I am not mistaken, the Israeli unit of account is the shekel, although being a government creation, it is not nearly as sound money as the market shekel of ancient Israel. As far as soundness of money goes, modern Israel is primitive, and ancient Israel advanced.

The "talent," in the Old Testament, the scholars tell us, was a round weight of gold, silver or iron. In Israel a talent is supposed to have weighed about 75 pounds. The "mina" is supposed to have weighed about 50 or 60 shekels, and 60 minas equaled a talent. Of the smaller weights, the "pim" equaled about two-thirds of a shekel, the bekah about half a shekel, and the "gerah" about one-twentieth of a shekel.

In New Testament times the talent varied significantly in weight, although its average seemed to be about 75 pounds. At least one Roman coin is mentioned in the New Testament, the denarius, which seems to have been a silver coin worth less than a quarter. It was the common daily wage for a working man. The Emperor Nero showed his contempt for the common man, even while he was showing his hatred for Christians by using them as torches to light his garden parties, by debasing the denarius until it was worth less than half its value when he took power. It was this denarius that Christ spoke of when he said, "Render unto Caesar the things that are Caesar's, and unto God the things that are God's."

Those who think that the use of gold or silver as money evolved relatively late in human history might learn something from the history of Abraham. About two thousand years before Christ, he paid for a field by weighing out 400 shekels of silver. The account is given in *Genesis 23*. There does not appear to be any evidence of coins appearing in Israel much before they did in Lydia, however.

Our concern, however, is not to study the parables alone, or the passages in which coins are mentioned, for while they may be of historical interest, they are not normative for us today. Just because ancient Israel used gold and silver as money, we are not required to do so, any more than our weights are

required to be named talent, mina, and shekel. What we must do is to understand how the Bible as a whole regards money, and specifically how it views the relationship between money and government. Is it a function of government to manufacture money, according to the Bible? The answers to these questions may surprise a lot of people, including secular men who get their information about the Bible second or third hand, never having actually read the book themselves.

## *Honest Money*

I would like to use as a foil for my remarks today a book published in 1986 by Gary North, a name that may be familiar to many of you. In that year he wrote *Honest Money. The Biblical Blueprint for Money and Banking*. By considering what North says, and comparing it with what the Bible says, we may be able to get a good grasp of what the Bible has to say about money.

In a section entitled "The Most Marketable Commodity," North makes an excellent point: "There is nothing in the Bible that indicates that gold and silver became money metals because Abraham, Moses, David, or any other political leader announced one afternoon: 'From now on, gold is money!'... the State didn't create money" (22). This is quite true. The Bible is the oldest and most reliable history book we have, and there is nothing in it to indicate that the state originally created money. Rather, the evidence is that stamped money and coins originated in the market, when merchants offered their own coins in trade.

This historical argument from the Old Testament, an argument that supports the idea that the origin of money was the market, not a government decree, is complemented by a moral argument from the New Testament. In the thirteenth chapter of Romans, the apostle Paul gives one and only one purpose of government. He writes: "He [the ruler] is God's servant, an agent of wrath to bring punishment on the wrongdoers." Paul does not regard government as provider of income, health care, education, national parks, money, or any of the other services common to our modern welfare states; its function is quite simple: to punish wrongdoers. Exactly

which wrongs to punish and which punishments to impose must be settled by appeals to other Biblical texts, but it is clear that Paul has something like the much despised night watchman state of 19th century liberalism in mind.

This is a major teaching of the Bible about money. The Bible is our oldest and most reliable history book, and it indicates that money did not develop, at least in Israel, from government action but from the market. Second, in the New Testament this lack of participation by the government in furnishing money is reinforced by Paul's failure to include management of monetary policy as one of the purposes of government.

Dr. North, unfortunately, even though he seems to understand the view just described, nevertheless advocates policies that contradict it. For example, on page 126 he urges the minting of "every ounce" of the federal government's gold stockpile into "small gold coins." Now the government owns approximately 263 million ounces of gold; if that stockpile were minted into one-half ounce coins, there would be 526 million such coins on the market, a number far greater than the total number of gold coins minted by the U.S. government from its inception to 1988. How such an enormous number would be sold is a mystery, and North seems to see the problem, for further down on the same page he makes this proposal: "simply take the 265 [*sic*] million ounces of gold, melt the gold into one-quarter ounce gold coins, and send four per person to every U.S. citizen. Any coins left over could then be sold." It is likely that a market glut like this would simply result in a massive coin melt. However, a letter from Gary North as Secretary of the Treasury would be received far more enthusiastically than any number of letters from Ed McMahon promising a million dollars. Of course, understanding how things work in Washington, it would be the Members of Congress who would mail the coins out, not Gary North, and they would each take credit for this coin giveaway program.

What is more important, however, is that North advocates getting the government into the gold coin business in a big way. Had he stuck to the Biblical blueprint, he would have advocated the

denationalization of the government's gold stock as is, auctioning the ingots off to the highest bidders, and not a massive new coinage program which far exceeds the capacity of the U.S. Mint.

What is worse, I suppose, or at least equally bad, is North's proposal for dealing with the debt problem. He writes:

We tell the bankers, "All right, boys, we all know the mess you're in. You are sitting on top of a mountain of bad debts. You want out. The U.S. government is here to help you weather the storm. We will do a swap. You sell us your pile of Mexican and Brazilian bonds, and we will give you nice, safe 90-day Treasury bills in exchange. You get your portfolios liquid again. We will take all that lousy debt you're sitting on, which you know will never be paid off, and you get in its place interest paying T-bills. You can even sell them if you want – there's a market for them...."

This would bail out the big banks....

What about the small rural banks? What's in it for them? Give them the same deal with any remaining T-bills. Swap their lousy farm mortgages for nice, liquid T-bills.

All of this comes under the heading "Increased reserve requirements." North is a proponent of one hundred percent reserve requirements, and this bailout of the entire banking system is the *quid pro quo* for imposing increasing reserve requirements on the banks – 5% more each year for 20 years he suggests – until we achieve "the re-establishment of honest, 100% reserve banking."

Unfortunately, there isn't anything in the Bible legitimizing such massive government bailouts of banks, as we have already seen. North has strayed far from the Biblical blueprint for money and banking in his proposals. The reason is not simply that he is ignoring what the Bible says about the role of government, but also that he misunderstands what the Bible says about money and banking.

Nowhere does the Bible condemn fractional reserve banking. Nowhere is government given the authority to regulate reserve requirements. When pressed on this point, North refers to one passage of Scripture which reads:

If you ever take your neighbor's garment as a pledge, you shall return it to him before the sun goes down. For that is his only covering, it is his garment for his skin. What will he sleep in? And it will be that when he cries to Me, I will hear, for I am gracious (*Ex. 22:26-27*).

That is the only passage in the Bible that North has found that he says condemns fractional reserve banking. Unfortunately, the passage has little to do with banking, and nothing to do with fractional reserves. North himself admits that "the context of this verse is the general prohibition of interest taken from a poor fellow believer.... This is not a business loan" (80). Therefore, on North's own premises, the Biblical blueprint for money and banking does not include any condemnation of fractional reserve banking.

The distinction that North is making here, even though the passage is irrelevant to fractional reserve banking, is a useful and legitimate distinction: the distinction between charity loans and business loans. The failure to recognize this distinction in what the Bible teaches has led some to conclude that the Bible condemns all interest taking as immoral and implies that it should be illegal as well. North does not make that mistake; he makes another. According to the Bible, taking interest on business loans is not immoral, but taking interest on charity loans is.\* After all, charity loans are supposed to be just that: charity. What many, although not North, sometimes fail to realize is that not everything the Bible condemns as immoral is intended to be illegal as well. Those sins that are also crimes are made clear in the Old Testament by the imposition of civil penalties for the crimes. If there is no penalty imposed, then the action, however immoral, is not a crime. Oddly enough, North realizes this, but the proposals he advocates contradict what he understands the Bible to teach. Once again he has wandered from the Biblical

blueprint for money and banking. Taking interest on business loans is neither a crime nor a sin. Taking interest on charity loans, while a sin, is not a crime. There is no support whatsoever in Scripture for usury laws, or for laws regulating bank reserve requirements.

On another page, North, like many other economists, confuses bank deposit books with warehouse receipts. The two are quite different. For one thing, a warehouse does not pay interest on things left on deposit. Rather, the depositor pays the warehouse for the service it is performing. Second, a person using a warehouse expects to receive exactly what he deposited; no bank customer expects to receive exactly what he deposited. He does not expect to withdraw Federal Reserve notes with the same serial numbers that he deposited. Nor does he expect to receive the checks that he deposited either. He expects to receive either currency or a good check for the same number of monetary units (plus interest) that he deposited according to the terms under which the deposit was made. Only if he does not, or only if the bank obtains additional monetary units by political rather than economic means, is there any warrant for accusing the bank of fraud.

A third difference between banks and warehouses appears in that many banks are in the warehousing business in addition to being in the banking business: They rent safe deposit boxes. The distinction between banking and warehousing seems implicit in Christ's parable of the talents:

Again, the kingdom of Heaven will be like a man going on a journey, who called his servants and entrusted his property to them. To one he gave five talents of money, to another two talents, and to another one talent, each according to his ability [Marxists, please note.] Then he went on his journey. The man who had received the five talents went at once and put his money to work and gained five more. So also, the one with the two talents gained two more. But the man who had received the talent went off, dug a hole in the ground and hid his master's money.

After a long time the master of those servants returned and settled accounts with them. The man who had received the five talents brought the other five. "Master," he said, "you entrusted me with five talents. See, I have gained five more." His master replied, "Well done, good and faithful servant! You have been faithful with a few things; I will put you in charge of many things. Come and share your master's happiness! The man with the two talents also came. "Master," he said, "you entrusted me with two talents; see, I have gained two more."

His master replied, "Well done, good and faithful servant! You have been faithful with a few things; I will put you in charge of many things. Come and share your master's happiness!"

Then the man who had received the one talent came. "Master," he said, I knew that you are a hard man, harvesting where you have not sown and gathering where you have not scattered seed. So I was afraid and went out and hid your talent in the ground. See, here is what belongs to you."

His master replied, "You wicked, lazy servant! So you know what I harvest where I have not sown and gather where I have not scattered seed? Well then, you should have put my money on deposits with the bankers, so that when I returned I would have received it back with interest.

"Take the talent from him and give it to the one who has the ten talents. For everyone who has will be given more, and he will have an abundance. Whoever does not have, even what he has will be taken from him. And throw the worthless servant outside, into the darkness, where there will be weeping and gnashing of teeth."

It seems that the worthless servant warehoused his talent, when he should have banked it. For that he was condemned to darkness and weeping.

This particular passage of Scripture incidentally makes a point that I mentioned earlier and that bears repeating: Money in the Bible is a weight of metal. A talent was a certain weight of silver. Now this historical fact does not require money to be a weight of silver or even of metal. An *ought* cannot be derived from an *is*, despite what some empiricists tell us. Of course one of the greatest empiricists, David Hume, recognized quite clearly the illogicality of trying to deduce an imperative sentence from an indicative sentence. But it does lead to another major teaching of the Bible on money: If money consists of weights, and throughout history it usually has, then the money must be full-bodied; less than honest weights constitute fraud. There are several passages on this point in the Bible:

You shall do no injustice in judgment, in measurement of length, weight, or volume. You shall have just balances, just weights, a just ephah, and a just hin: I am the Lord your God, who brought you out of the land of Egypt (*Leviticus* 19:35-36).

[Here is God's condemnation of Israel through the prophet Isaiah:] Your silver has become dross, your wine mixed with water (*Isaiah* 1:22).

The Lord abhors dishonest scales, but accurate weights are his delight (*Proverbs* 11:1).

The Lord detests differing weights, and dishonest scales do not please him (*Proverbs* 20:23).

Do not have two differing weights in your bag – one heavy, one light. Do not have two differing measures in your house – one large, one small. You must have accurate and honest weights and measures, so that you may live long in the land the Lord your God is giving you (*Deuteronomy* 25:13-15).

Any use of fraudulent weights was subject to the penalties imposed for theft: at least double restitution, with the ultimate penalty being required

for recidivism. But again it would seem that there were no regulatory police in ancient Israel; the buyers and sellers were responsible for making sure that they were not being cheated, and if detected in fraud, a person was subject to stiff penalties. Biblical law follows the principle of punishing wrongdoers rather than trying to regulate everyone in the hope of preventing wrong doing.\*\*

One thing that follows from the restricted Biblical role of government with regard to money and banking is the absence of legal tender laws. I wish to make clear what I mean by legal tender, since it seems to have at least two different meanings. Of course, if a government is to collect taxes or payments of any sort, it must specify acceptable forms of payment. This is one meaning of legal tender. In the early years of the American Republic, this problem was solved by the government publishing a list of monies in which it would accept payment. It did not restrict payment to one form of money, but published a rather long list of acceptable means of payment. One of the reforms that we can advocate is that the government of the United States publish such an extensive list again – in fact, that the government publish a list permitting payments not only in monies denominated in dollars, but in monies denominated in ounces, grams, yen, marks, gold standard units, or what have you. This would go far in encouraging monetary freedom.

But there is another meaning of the phrase legal tender: Usually it means that a creditor is compelled to accept whatever the government has declared to be tender as payment for outstanding debts. Each Federal Reserve note bears the words, "This note is legal tender for all debts public and private." Those words mean that a creditor must accept them in payment. It makes little difference that the creditor may have a contract calling for payment in something else, for the courts do not, as a rule, order specific performance of contracts in 1989. Perhaps at one time they did. But today a creditor is compelled to accept the government paper as payment.

There is no warrant for this sort of legal tender in the Bible. Rather, the clear implication is that the parties to a contract may set the terms of the

contract, so long as they are not illegal in themselves, and those terms must be abided by. The Bible praises the man who makes a promise and keeps it, even though he might be injured by keeping it. It condemns the man who welsches on a deal, or seeks to substitute something of lesser value for that which he promised to deliver. Legal tender laws are an institutionalized form of welsching on debts.

Finally, there is another aspect of money and the Bible that we ought to consider: money as mammon. Everyone knows that the Bible strongly condemns mammon, and many people equate mammon with money. The two, however, are not the same. Mammon is money worshipped. That is why Christ said, "You cannot serve God and Mammon." Mammon is money become an idol, and even beneficial things can become instruments of destruction if they are regarded more highly than they ought to be. The Bible condemns all forms of idolatry, including the idolatry of money. Ayn Rand did not understand that when she wrote her books, but I am sure that she has a better understanding of it now.

In conclusion, what can we say about money, freedom, and the Bible? I'd simply like to suggest that the men who lived two centuries ago had a better understanding of money and freedom because they understood the Bible better than we do today. We are singularly blessed to live under a document that is largely based on the principles of government found in the Bible, and if we wish to restore monetary

freedom, we will once again have to understand and believe the Bible.

\*A lecture given at the Gold Standard Corporation conference, August 1989.

\*\*An apparent exception to this – the law requiring fences on rooftops – seems to incur no civil punishment for violations.