

The Christian Renewal of Economics: #05 Debt and Usury

Renewal of Economics

By Dr. Stacy H. Taylor

sermonaudio.com

Preached on: Friday, February 11, 2005

Greenville Presbyterian Theological Seminary

200 E. Main St
Taylors, SC 29687

Website: www.gpts.edu

Online Sermons: www.sermonaudio.com/gpts

We come to the fifth lecture of the first week, the Christian view of debt and usury. In the radical biblical reformational view the form of man was not just affixed to Adam's private and personal life but it had far reaching consequences for every aspect of his life including his economic life. God's great purpose for man became nullified in all areas of human life which may be seen in the widespread poverty and want existing in the world today as well as in the inflation and growing indebtedness of the nations. The sins and follies of men have become in Britain's human institutions and systems as well as in men's broken homes and personal lives. Unfortunately, one system or institution has been generally accepted and approved, the mantle of respectability covers the sins and folly which it contains. It may even receive the acquiescent patronage of the church. The reason of this inescapable obligation resting on Christians therefore to direct searching scrutiny of all human systems, the financial and monetary system the most powerful of all should be no exception.

The present financial and monetary system resting as it does on the monetization of debt, usury and multiple indebtedness is not the secular bankers and economists would have us ??? the natural and necessary mode of man's earthly life. It is in fact, completely contrary to the law and Word of Almighty God revealed in the Holy Scriptures. That is why this godless system is today undergoing his divine judgment.

But the rise of the financial system based upon the monetization of debt and usury came about in a certain identifiable moment of our history by defeat of the Christian philosophy and practice of trade and production. There can be no true reformation of our society and as we first understand the reason for this defeat and then seek with God's grace to introduce a biblically based monetary and financial system. As R. J. ????? warns us, "In the nature of the American system, a truly Christian order means not only a severely limited order with respect to time limits on debt but also severely restricted with respect to usury. It cannot be one of just money and a debt economy. Government bonds must be seen as clearly unlawful to the orthodox Christian and to his institutions for they involve a philosophy of debt and of continuing debt. For bonds are not generally retired when due. Indeed, bonds are the mainstay of debt money. Bonds are a central aspect of a debt economy, the mainstay of moneylenders, a death knell to the liberties of the people.

No money trust can be destroyed merely by ??? or by knowledge of its existence. It can be rapidly destroyed as people take seriously their faith in its every aspect and permit themselves to the sovereignty of God and his Word. Most fundamentalist Christians are thoroughly modernist in their radical disregard of much of Scripture including its teaching concerning debt and usury and in their limitation of its authority to matters of personal salvation and limited areas of personal and social morality. There is no preaching against the installment plan, bonds, debt money, long term debt, unbiblical usury and many related matters. For even a limited segment of evangelical Christianity to adhere to these principles would have a shattering effect on the money trust. The present debt economy will sooner or later collapse, destroying with it all institutions built thereon. A new and debt free economy that's even now being inaugurated in a healthy segment of society less chaos follows.”

The radical nature of the biblical teaching about debt, inflation and usury can best be appreciated when we first consider the financial behavior of the ancient Babylonians. In ancient Babylon there was a highly developed credit system based upon the motivation of debt. Of this Babylonian system, R. J. Rushdoony writes in “The Politics of Guilt and Pity,” “Economic man had high authority in Babylonian culture. War was seen in essentially economic terms and as a means to economic power. There was a class known as the ???. The word ??? can be translated as merchant broker, merchant banker, moneylender, government agent. Fulfilling all these functions, he was an able instrument of imperial power in that long before any armies marched, he had bound foreign power to himself both hand and foot. The same policy characterized ??? and Nahum sited as a central ????? before God that it is multiplied merchants above the stars of heaven. Nahum 3:16. That is, exercised economic slavery in one area after another.

“The Babylonians were moneylenders not only as a dedicated policy but with fervor, zest and relish. One of their proverbs expresses this outlook clearly, ‘The giving of a loan is liking making love, the returning of a loan is like having a son born.’ They were thus a breed of proud and happy shylocks. Their whole world of business moved in terms of credit financing. Their whole concept of social control and of imperialism rested on usury. It is not surprising that ??? but Babylon the great, the harlot is the type of revelation of the one world order which shall seduce all nations. For a biblical economy loans ????? of normal operations as Babylon but of abnormal circumstances. As such, and defined as such they have their place but they operate in terms of implicit as well as explicit restrictions.

Two kinds of loans were recognized to the believer, without usury but with security, but to the unbeliever, with usury and security. But in both instances, the presupposition is that something real in goods or money is transferred. A tangible asset involving only the two parties to the contract. Modern banking however, is radically different. Banks create money by fiat and by the unilateral actions of simply recording a loan and deposit on their books. The consequence is not the personal and limited action of a biblical loan but inflation, the dilution of the prior relationship of money unit to total goods and services. As a result, there is a dilution of all money and such loans mean an element of robbery in that they reduce the value of all other money units previously in existence. ??? reserves

and modern central banking, that is the Federal Reserve System, are modern applications of the old Babylonian principles and equally conducive to the dream of empires.

“Biblical law is hostile,” says Rushdoony, “to the ????? of debt. It is premised on immediate responsibility whereas the Babylonian and modern systems evade immediate responsibility. Corporate irresponsibility is fostered by limited liability laws which over a period of time, separates property from control only to ????? management and management from responsibility. So from irresponsibility is thus ?????.”

“Biblical faith declares that a personal God created every fact in the universe. His personality is not ruled out of the universe as we deal with ourselves and everything under the sun, we deal also with our very personal Creator. Any attempt to introduce his personality to the universe is to that degree an attempt to separate the universe from the government of God. The impersonal economics of Babylon and of today ????? antibiblical and our attempt to substitute fiat creations of man for the absolute government of God. As such, they incur the wrath of God.”

In the Babylonian empire rates of interest were usually 20%, for short term loans of 15 days as much as 300% might be paid. In Greece, at a later time, 12% was considered moderate, 30% wasn't uncommon in Egypt. From time to time rulers and lawgivers chose to repress extortional practices. In Athens, Julius Caesar in Rome, are examples. But Julius Caesar had social reasons which revealed the enormous extent of the moneylenders' power in his day. According to ??? Julius Caesar in 62 BC owed ????? owed a sum equally a million dollars at 1914 evaluation. Marcus Antonius, at the age of 24, owed \$300,000 and 14 years later 1 ½ million dollars.

Now, what is the biblical teaching regarding debt and interest? Against the sea of economic injustice and exploitation in the ancient world, the biblical laws regarding debt and usury stand out like a beacon in the night calling mankind back to a true understanding of his destiny, to freedom and blessedness or peace of mind. According to God's law, debt is only to be contracted in emergencies. And no man, family or people must mortgage its future since time is controlled by the sovereign God not by the moneylenders. And thus time must not ever be used by man to exploit his neighbor. The maximum line of a debt was six years and upon the seventh, or sabbatical year, all debts had to be cancelled. And I give you there the references for that. The writer of Psalm 15, asking the question, who are to be the guests of God, it is quite certain no usurer would be included in that blessed company. Amongst those who dwell in the holy tabernacle is expressly included that man who hath not given his money upon usury nor taken reward against the innocent.

The word translated “usury” in the authorized version of the Holy Bible means “interest of any kind.” Not just exorbitant or illegal interest. It is interest of such that God's law forbids his people from taking from each other. In modern usage, usury means the taking of excessively high interest rates upon a loan. Yet the biblical definition is better expressed in the medieval Christian ????? definition “whatever exceeds the principle that is the sum loan is usury.” ??? the Hebrew word “neshek” translated “usury” means

interest on loans of money while the word “tarbiyth” translated “increase” refers to interest or other advantage for example foodstuffs, seed corn and so forth.

God’s law distinguishes clearly between legitimate interest and illegitimate interest. We may not charge interest on a loan to a brother who shares our faith and who is in need, but we may do so in the case of a neighbor who is not in need, meaning one who is not reduced to his cloak as in Exodus 22:26. Or for a stranger or unbeliever in need, or for anyone in a business proposition so long as the risks are shared. Here is the key to the problem, shared risk. Guaranteed profit is not biblical since it denies the fact of God’s sovereignty over human life. It also makes way for the limited liability company which denies personal responsibility and risk.

After quoting the relevant passages from Scripture, in Exodus 22, Leviticus 25, Deuteronomy, R. J. Rushdoony ??? to the biblical law summarizes the biblical teaching as follows: “First of all it is specifically stated, the law has reference to the poor and moreover to poor fellow believers or covenant members.

“Second, the nature of the ????? of the poor ??? careful attention. The pledge taken was of the outer garment or cloak in which the poor worker slept. The reference is Deuteronomy 24:6, 17 is to the poor people with the lender. ????? that is, poor. The people working the land with him. If a poor fellow believer was employed by the well-to-do believer is in financial distress because of some crisis, he is to receive the same hospitality which a foreigner or a traveler would receive. The hospitality due to a visitor. The charity is thus to be greatest and the loan ??? the food without interest. It is commendable when a rich man lends to poor fellow believers. But this is an act of voluntary charity whereas the law is the ????? of Leviticus makes clear requires as charity as mandatory towards employing.

“Third, while charity is clearly the purpose of this law, charity is not confused here with a gift, a lark or foolishness. A pledge of security can be although it need not be required. As Gary North points out, this has been ????? reserve banking in that security cannot be used to negotiate a second loan in that it is held by the lender to raise ??????. The pledge requirement was protection against his responsibility on the part of the poor worker. If the poor worker were a trustworthy man, the employer would not require the pledge. The pledge of security was that insurance against the ?????? repaying or to work out the loan. The charity in this case is ????? interest not of the loan. The indictments of usury in the prophets are indictments of loans to workman at interest to cease their small holdings of land.

“Fourth, while interest is permitted on commercial loans, all such loans are under the restrictions of Sabbath law, that is their life is limited to six years. Short term loans are alone permitted. No godly man has the right to mortgage his future indefinitely. His life belongs to God and cannot be forfeited to men. The ??? kind of debt by believers whether a charity or for business reasons must be short term debt. The Sabbath is basically and essentially rest rather than working, and basic to the Sabbath rest is debt free living. Long term debt are clearly a violation of the Sabbath. Many serious ?????

have professed to be devote Sabbath keepers are flagrant Sabbath breakers here. The normal life of a covenant man is to be debt free.

“Fifth, the unbelieving are excluded from the charity required by this law. Both the interest free loan and the termination of the debt in the sabbatical year. The ungodly are already slaves to sin by nature. The true slave cannot be weaned from slavery. The godly are free men by nature. In times of distress they may need relief to regain their freedom. Freedom cannot be given to a man who loves slavery and it is truly ???? to attempt it by means of money. Regeneration is ???? solution.

“Sixth, the purpose of the law of godly interest and the purpose of the whole law, is man freedom under God.

“Seventh, the pledge ???? poor or deposit and security for debt. Certain kinds of pledges were forbidden. No man shall take the mill or the upper mill stone to pledge for he taketh a man’s life to pledge. Before the ???? cannot involve anything necessary to a man’s work or living, for to do so would be to endanger the man’s life, that is, his freedom. Moreover, the dignity of the borrower cannot be broken or harmed. The widow’s raiment cannot be taken from her nor can a creditor enter a man’s home to choose the pledge or pawn. Even a poor man’s home has a sanctity which a creditor cannot challenge.

“Eight, ?????? restore a pledge or pawn when repayment is made, is robbery. It is linked to pagan worship, adultery, theft and murder as it also exacting usury of a poor fellow believer. Ezekiel 18:10-13.”

Ezekiel had in mind here the coming fall of Jerusalem but he still cited God’s basic judgment on all who fail to restore the pawn. Unlike the surrounding authorities, the societies of the ancient world for their highly developed credit systems based on the monetization of debt and outrageous rates of usury, ancient Israel as a whole tried to lived debt free in accordance to God’s law. Passing ???? fees misfortune or bad harvest led to the incurring of debt but these, however, were as a rule ????? redeemed.

And the richer members of the covenant society of God were expected to help the poorer by loans and by interest. As a consequence, indebtedness was never accepted as natural and ???? in Israel. And there only a few references to it in the Old Testament. In 1 Samuel 22:2, debtors are amongst the outcasts of society who joined David in the caves of Adullam. But the phrase used means literally “he who has a credit,” with no distinct word in the Hebrew language for debtor. That’s indicating a debtor class did not exist. There was no provision in God’s law for recovery of debt, for nonpayment was severely condemned. And there were occasions when through sheer poverty men sold themselves and their families into slavery in order to maintain life. The law did contain provisions for the humane treatment of such slaves as there were and for their periodic relief. Further, such things as clothes and work tools might not be taken away by the creditor as security for repayment.

In his "Introduction to Christian Economics," Gary North explains the requirement laid down in Exodus 22 which required the return of the borrower's cloak at the end of each day so the lender could use the collateral only during daylight hours. "The raiment taken by the creditor," he says, "as collateral must be returned to the debtor in the evening. This is a very peculiar kind of collateral. The collateral, surety in this case, is a benefit to the creditor only indirectly." "It's real function is to limit the indebtedness of the borrower. The man who needs a loan is permitted to indebt himself and his family only up to the value of his collateral. His immediate property determines the extent of the mortgage on his future.

"Once collateral is in the possession of one creditor, it cannot simultaneously be used as collateral for additional loans from other creditors. The benefit to the creditor is indirect. His possession of the collateral during the day guarantees the debtor is not in debt beyond his probable capacity to repay. The size of the loan and, therefore, the extent of the debtor's enslavement is limited by the debtor's general economic capacity. He is forbidden to indebt himself too far.

"The general principle of biblical debt is simply this, multiple indebtedness is prohibited. Debt may not be incurred beyond the value of one's immediate assets. This protects the creditor from extending loans to unreliable, overextended, basically wasteful debtors. It protects the debtor in going into debt beyond his reasonable capacity to repay. It should be noted or understood that one's immediate assets include such things as integrity, past performance in repaying debts and potential capacity to repay in the future.

"Thus the person who is not destitute, unlike the case of the poor man who wants an interest free loan from his brother ????, has ??? a bargain for a loan. But the Bible is clear, it is best not to be in debt at all, Romans 13:8. And a six year limitation is the maximum that is morally legitimate, given the provisions of the sabbatical years regarding the cancellation of all debt as well as the jubilee year.

"The importance of this law for monetary affairs," says North, "cannot be overstated. Contemporary society, indeed society since the Middle Ages, has ignored this restriction on multiple indebtedness with impunity. From an economic standpoint, the chief private violators institutionally are effectual reserve banking systems and the limited liability corporation. The entire public ??? of civil government rests on the violation of the principle. The whole structure of modern credit is based upon the idea that men should never escape perpetual debt. The public debt of the federal government, already approaching half a trillion dollars, excluding future commitments like Social Security payments, bank insurance and other agency debt, is steadily eroding the monetary unit in the process subscribed by the 19th century theorist, Charles Carroll, as the organization of debt into currency or the monetization of debt.

"Laws of the transgressed in God's universe will be found to contain their own bilking punishment. The French Revolution came when the King had to assemble ?????? for only they could raise needed taxes. The interest of the ????? natural debt was absorbing half the revenues of the kingdom annually.

“Summarizing law relating to money matters, you may conclude this section of our lecture by saying 1. God’s law forbade going into debt except in cases of emergency. Second, we have financial help if needed. In cases of emergency, charity loans can be made to the poor brother who shared the same faith. 3. Such loans had to be without interest. 4. Interest might be charged to unbelievers, “and to a stranger thou may lend upon usury,” Deuteronomy 23:20. For the unbeliever, debt is a way of life because his unregenerate nature makes him a slave to sin. 5. While interest might not be charged for charity loans, security was required to prevent the borrower from making more than one loan on his property and to stop multiple indebtedness of any sort. 6. The maximum life of any debt was six years since God’s people must not mortgage their futures to moneylenders. This means the long term personal loans financing and national debt are all contrary to God’s law.”

Now I’m going to summarize the middle part of the lecture.

As another sphere of life, the church synthesized the teachings of the Bible with those of Greek philosophy and the Greek idea of usury and interest, especially that of Aristotle. And as a result of the trying to synthesize God’s teaching with man’s teaching, great confusion resulted in the early church and in the Middle Ages. To begin with, the medieval canon lawyers misunderstood God’s teaching about usury because they preferred to be guided by the teachings of Aristotle rather than the Word of God. And because Aristotle had said that money could completely, usury was therefore unnaturally fed according to the laws of nature. So the early medieval church, first of all, completely banned usury.

For that was all right as long as the medieval society economy remained very primitive. With the rise of towns and the development of commerce in the 12 and 13th centuries, this on taking any kind of interest began to break down. And the thing I want you to remember is, during the Middle Ages the great argument went on for hundreds of years between the rising capitalist merchant class and the church of canon lawyers. The argument was over whether it was just and righteous to charge loans for production. For example, if you wanted to hire or build a ship for trade with the Far East, were you were allowed to charge interest on the money you loaned to the ship builders? And argument and splitting of hairs it was eventually decided that you could charge interest on loans for production, but they still believed it was unbiblical to charge interest on loans for consumption. That was of the situation up to the time of the Reformation.

Please turn to page 11.

By the beginning of modern times then, any restrictions at all on the charging of any kind of interest on any kind of loan became by the board and this of course opened the flood gates to the development of debt financing which forms the basis of our modern banking system.

Secondly historians have blamed, in part, the teachings of John Calvin for this. And in this section of the paper I'm going to try to show to you that this thesis can't be supported. The story is often ????? to Calvin's views on usury as a turning point in the history of usury. Recent detailed investigations of Calvin's teachings by Stanford Reed and Andrew ??? have endorsed this ??? judgment but shifted its implications. Calvin was the first theologian to deny that usury, as such, was contrary to the Word of God. He rejected Aristotle's teaching and the assumption of the ??? position that money was sterile and declared the Scriptures did not forbid usury to all men but only to the Jews. An entirely novel approach to the question.

In 1545, Calvin made his famous reply to the question of ??? sanction on the subject of usury. In this letter, he examined one by one the text which ??? reduce all condemnation of usury and gave his reasons why they were not conclusive. His comments ??? meaning of the Hebrew word which was translated as usury. He pointed out a thought of prohibition of usury among the Jews is concerned men were now living under a different dispensation from the Old Testament.

Next, he examined the argument which had been inherited through Ambrose and Jermone from Aristotle. Money does not breed money. Of this argument Calvin says, "Money does not breed money. What about the sea? What about the dwelling from the hiring of which I receive payment? Or is money really born of the roofs and walls? For the land brings forth and by sea are carried, but are ??? produce money and the convenience of habitation is customarily seen and exchange of a certain amount of money."

So the large public ?????????????????? is he to be tolerated who by chance hires to a farmer, sterile farms when he himself receives income and revenue while he is not to be tolerated with taking any profit out of money. And if one inquires a farm with which money does not that money generate other money each year? When proceeds the gains of a merchant? From his own activity, diligence and industry. Who ??? the money unemployed is altogether useless. But he who asks the loan of me doesn't seem to have it by him unoccupied after he has received it from me. It is not, therefore, from the money that these profits grow but from production. So the arguments are indeed subtle and have a certain speciousness but when they are examined more closely, they collapse in time.

Calvin's general conclusion was of the matter of usury to be judged not by any biblical text but by the rule of equity and justice. In his view, it was ridiculous to prefer buying of rent, charge of granting a loan for which ??? was charged it was the actual transaction itself which is important and not the words in which it was expressed. It should be a farmer in granting a loan to a farmer which usually was ??? .

It is ??? class study economic ??? of Calvin underbelly ?????????? You must note Calvin did not purely and simply set aside the biblical text used by previous Christian doctors who condemned the practice of usury in order to justify the loan's interest. He didn't even give a very simple interpretation of his text from his predecessors. But he was more realistic and in which by a foreknowledge of the world and economic reality the others did not possess. He was able to see more clearly. You realize very quickly these

biblical texts could not be applied to certain new economic realities. You made an important distinction between the loan in kind which the food or consumption on the one hand and the loan for production on the other. The form of being only a loan of assistance and unproductive for the debtor warrants no compensation. In the case of the latter, often called the business loan, the debtor could make a profit when he adds his own labor so it's permissible to recompense him. He says actually there is no difference between these two sorts of loans and I will dispute that as I think there is.

In order to give his teaching all the meaning added by the general conduct of the Bible, to avoid the narrow and legalistic interpretation that is often given to particular text taking out of context and applied to the particular topic, Calvin begins by recalling first the brotherhood of the human race which is expressed by the interchange of goods. And secondly, the ideals of social justice according to which what is just is of only what conforms to written laws but that which springs from charity. It is an unjust act of fail to give someone what charity requires he should be given.

Now, what teaching the Calvin in refusal to objectify the economic relationship between lender and borrower. And his willingness to see as evidence not only the moral relationship between men which are created by economic links but also their spiritual responsibility before Christ. It is perhaps a moot point that Calvin stands most apart, not only from the medieval reality of Thomas Aquinas, but also from these his contemporaries and predecessors.

The loan at interest, above all, is not for Calvin an economic question nor an act belonging to ethics but rather a fact that puts man before God in a personal action for which he alone is responsible. A fact whose true nature can be made known and measured only in the charity of Christ which gives to everything its true identity.

For all these sound biblical reasons Calvin imposed restrictions on the taking of interest strongly qualified his general thesis. And he wished clearly that usury would disappear from the face of the earth. In fact an English divine said of him, "If Calvin held that interest was lawful, if it didn't exceed an official maximum, he urged the various restrictions the loan must be made free to the poor and it was wrong to oppress the poor by the security that they were able to afford and the security must not be exacted from the poor. The borrower must leave as much advantage as the lender. That what is venial as an occasional expedient, is reprehensible when carried on as a regular occupation. But it was wrong to higher rate the maximum allowed by the civil power. Many later Calvinists rejected Calvin's teachings since the restrictions he wished to impose would have given protestants a little bit more freedom than that already enjoyed by their Roman Catholic counterparts. Calvin's approach is therefore a turning point in the history of the idea of usury but not the turning point in economic history."

Then I go on to show the rise of modern banking in 17th century England about which we will have more to say on Monday. Please turn to page 13, the bottom of page 13.

There has been a very important book that came out a few years ago by P. G. N. Dickson called "The Financial Revolution in England." Unfortunately, these sort of books are never mentioned in the secular school textbook or even college textbooks.

The establishment of the Bank of England in 1694 marked the beginning of the financial revolution which completely changed the habits of life of millions of people. In its fundamental work, the financial revolution in England, Dickson discusses the processes of the growth of the system of public credit and national debt which took place between 1688 and 1756.

He writes, "By the close of the Napoleonic war, the national debt amounted to over 670 million pounds which the addition of a separately accounted Irish debt brought to nearly 770 million pounds." Now, that was an awful lot of money in terms of 18th century prices and values. "Given the country's relative poverty, and lack of bureaucratic organization of the greater part of the period, direct and indirect taxes could never have been imposed to an extent that it could've made such expenditures possible. Taxation, partly imposed to pay interest on state loans, was heavy enough as it was. The wealth of the nation in its embryonic stages of development could only be ??? with a maximum ??? for war purposes by a well organized system of long term government borrowing whose existence would compensate for the inadequacies of taxation.

"The nuisance of English public borrowing was complete in its essential by the eve of the seven years war. The rise of the system in the sixth decade before the seven years war was rapid enough and important enough in both its main and secondary effects to deserve the name of the financial revolution. Its effects on this country's life, a change in attitudes and historical development resemble on a smaller scale those of the industrial revolution which followed it, and which it arguably helped to make possible. This book is a study of the main features of the new system in its formative period. The development of long term and short term borrowing, the relations between the treasury and the city, the development of a market security, ??? capital invested in public loans."

According to Dickson, the first technical necessity for the rise of a financial oligarchy was the distinction between short and long term borrowing and the recognition, at least of the latter, as the debt of a nation. The creation of a national debt was met with great hostility. The first line of criticism was political. It argued that the national debt had been created to meet not an economic need, the need for greater revenue, but a political need to provide financial backing for King William of Orange. As Dean Swift or ??? pointed out, whoever will lend to the government would by the surest principle be obliged to support it. Besides the ??? of states could not be persuaded without time and difficulty to have those taxes made on their land which custom has since made so familiar. And it was the business of such as with any in power to cultivate a moneyed interest because the gentry of the kingdom did not very much really so view this as government to which the king who had invited politics in his own country, Holland, was thought to give too much weight. Perception was that it was in the interest of the public to be in debt to which is argued, it might be valid in Holland but hardly so in England whose society and politics were quite different.

Disraeli wrote in his reflections of the state of the nation, worked the pieces up into a form which is really made use of in his famous novel *Sybil* published in 1845. Now you may remember that Disraeli made a famous remark on, I'm trying to paraphrase it from memory, he said, "Behind the government of every Western country there lies a hidden power which actually pulls the strings and makes all the real decisions." And he warned the Anglo Saxon world of that way back in the 19th century but people chose to ignore it.

Now, listen to what ????? said about it, "When King William entered, immediately after the revolution, on his great seat of action the unencumbered condition of this nation was such he might have been supported in it by a land tax, by the excise or ??? by some additional subsidies all which would have been raised within a year. A scheme of this kind was prepared and offered but it was rejected for a reason that appeared plausible in political refinements and has proved most pernicious in its consequence. It was said the new government established against the new principles and actual engagement of many could not be so secularly secured in any way as it would be if the private fortunes of great numbers were made to depend on the preservation of it. And this could not be done unless it would induce to lend their money to the public to accept securities under the present establishment. Thus, the method of funding and trade of ??? began. Thus with great companies created ????? pretended servants but in many respects the real marks of administration."

And on that point, it's interesting that Richard Nixon, in his first campaign for Congress and the Congressman in California was backed by the Eastern money power against the man who was trying to abolish the Federal Reserve system. So Nixon was up to his neck in it ever since he began.

Rarely has a great statesman been so vindicated by events as Henry Bolingbroke. The defeat of the old Christian doctrine against usury opened the floodgates to the monetization of the nation's debt. Thus began the present system of debt money which is in effect, inflation money, money created out of nothing by the bank of ??? or treasury notes based on public faith.

Besides the political arguments against the government borrowing, there were others that concentrated on his social and economic consequences. Especially the effects on man and trade. The connection between the price of land and the rate of interest related by John ??? in his bitter attack on the new methods of finance, and I quote from him, "Land would fall for 12-14 years because the taxes charged on it to service the government loans would lessen its attraction while demand for it would slacken because land would man became to appreciate the superiority of government securities as an investment. Others pointed out the high yields on bank stock and the ??? fund had diverted capital away from land and trade into stock and thus driven up the rate of interest on mortgages. Who were these new ruddier class? Mortgagees, bond holders and stock holders who benefited so greatly from the overthrow of the old Christian teachings against usury."

One of the most saddening chapters in Dickson's book is entitled "Public Creditors in England and Abroad." In these two chapters of his book, he deals with individual creditors of the state, those that describe the new land as deflated or who invested in new one or played their part in short term raising of funds. Like the ??? family who took the lion's share in the coveted loans in anticipation of the land tax called by contemporaries of ????? or the sublime.

Dickson's ???? invested in the public debt totaled some 40,000 in 1720 and has risen to 60,000 in 1752. The great majority of them lived in or about London thus fulfilling the prophecy of ???? state paper the riches of the city of London and the effect of its realm shall be in that time in the hands of a few men having unmerciful hearts. I think that also describes the American establishment based on the financial banking house of New York. The new financial oligarchs included merchants and others concerning ???. The names of peers, members of parliament, also appear in ??? numbers. ??? and foreigners were among them and the same persons also invested in the other stocks in the ???? money market. Those are the great money companies. The Bank of England, the East India Company, the Southeast Company. The number of big investors were small but they earned a high proportion of all stocks and a very high proportion of several others. The numbers described in the new issue was smaller still. Dickson concludes the services of a relatively small circle of London financiers were essential to the success of the government note. And taking into account also the close relations in the treasury and the three moneyed companies remarked the Tory fears about the great world of wealth and influence were not unfounded.

Now, it's very interesting Bolingbroke was a Tory, he was a conservative, what we call today a Republican and the Tories were the ones who objected most to this system. He writes, "Contemporaries were uneasily aware. The government creditors that were helping to finance Britannia's wars formed a powerful and perhaps ?????? society. Public funds divide ?????? the nation into two ranks of men of which one are the creditors and others debtors. The creditors are the three great corporations and others made up of natives and foreigners, the debtors are the landholders, the merchants, the shop keepers and all ranks and degrees of men throughout the kingdom."

Another writer nearly 20 years later gave us this theme a different twist. Public debt has produced a difference of interest in this country that we have lately suffered by and if not remedied can have no end. Notice it is in the interest of the stockholders to involve a nation in war because they profit by it. It is the interest of landed men and merchants to submit to any insult rather than engage in war since they must bear the whole burden of it.

Finally, one of the modern statements of the biblical reformational review. The forboding which Dickson has just described for us has been more than amply fulfilled as we shall see in the following lectures on commercial and central banking. As you know, Thomas Jefferson was very much opposed to Alexander Hamilton's policies of starting up a same system in America. For the first hundred years of the Republic of the American people,

time after time turned down the idea of a National Bank of America. The one we had was overthrown by Andrew Jackson. I summarized this again from the Bible.

Let's go to the bottom of page 16

Now remember that I understand that God is teaching you can't guard interest on loans for production the Bible would you cannot charge interest on loans for charity to a fellow believer. You can charge on a loan for consumption to a stranger or a nonbeliever. And I think we ought to conclude this by saying something briefly about the function served by interest. Bottom of page 16.

Why is it that people expect to obtain a return of public capital loans and why are they willing to pay it? ????? this question as follows, a man can claim a rate of return on his money or goods loaned out for three reasons, first because he's poor, for use of money for a given period of time. This is a so-called time preference factor also called the ????? rate of interest. The use of a good right now is more valuable to a person than the promise of the use of that good at a later time assuming that tastes don't change of course. Every rational person discussed the value of future economic goods. Each man places a premium on the use of his wealth over time and he will not voluntarily forfeit that use without compensation. His personal time preference that sets the discount rate for the enjoyment of future goods and services. That is money might buy immediately.

The second component of the rate of interest, he says, is the risk premium. The lender knows that he may not get his money back, the borrower may go bankrupt, he may run away with the loan. To compensate the lender for his risk, he demands a payment above and beyond his time preference return.

The third factor, he says, is the inflation premium and then he wants to be paid back in money that will purchase as many goods as the money he lent. In an inflationary society the lender will add a new demand, enough money to compensate him for the expected fall in the value of the nation's circulating medium.

Interest is the price in short paid for the use of someone else's savings. By forfeiting interest charges, one forfeits the use of some good over time without a compensating payment. A person who lends out his savings without charging any interest thus forfeits

1. The use of his savings or capital or some other investment or his present consumption.
2. The premium.
3. An inflation ???.

In short, an interest free loan is a form of charity.

Interest must prevail wherever capital goods are used over time. Money by itself has no productivity. It doesn't build houses or dig ditches. But you can't explain interest directly as a payment of money productivity. But money does give its own in purchasing power to obtain men and machines that will build houses and dig ditches and the demand for loan funds ??? back to residual parts to their part of buy or rent real productive resources.

In hiring the use of money, capital, businessmen are ultimately buying the use of real capital goods. As a matter of fact, it is the expected marginal revenue productivity of

capital goods which sets an upper limit upon the rate of interest businessmen are willing to pay to obtain the funds needed for the purchase of capital goods.

Interest then, is the price of money, and like any other price is determined by the supply and demand factors on the market. As a form of pricing, available savings and loanable funds, interest performs as a function of allocating scarce resources to their most profitable uses. Now you can see how that ties in with the agenda of ????. Man is not to be allowed to get away with something for nothing. Everything he wants, he has to pay for it. Either by the sweat of his brow or by giving up money in the form of interest. So I would say that the fact we have to pay interest is part of the punishment we undergo because of the fall of Adam.

Notice, the interest rate helps potential business and private investors allocate their funds among the millions of potential investment opportunities in the economy. Prices, we have seen, are both allocating and rationing devices. The interest rate being the price of lendable funds is no exception. The interest rate performs the function of allocating money capital and therefore real capital to ???? and investment funding. It also rations the available supply of loanable funds to those projects whose rate of return or success of probability is to be ????. high to warrant payment of the going interest rate. From that point of view, I think you can say that interest helps us in our stewardship, making the best use of our scarce available resources.

Unless an investment promises a return high enough to pay the going rate of interest under our market system, it is not justified for occasion by the ??? markets. From this point of view, it may be seen as a means of disciplining men in their investment decisions given the fact of their sinfulness and avarice. For this reasons, interest must continue to exist until Christ returns and establishes a world without sin. It is a basic category of sinful human action. What the Bible seeks to do is to personalize these categories. God's law seeks to prevent men from abusing debt and money. God would prohibit certain kinds of debt and certain kinds of interest. Not all debt is ??? as an absolute rule. But debt is to be directly coupled with ??? responsibility. For both the lender and the borrower. The issue of personal responsibility is for God's Word more basic than the prohibition on interest taking as such.

Then I quote from the great ??? he has a wonderful essay, "The Philosophy of Money" that you can read for yourself. He simply points out that money makes all human relationships today more impersonal than in the days of a more simple economy. I conclude by taking his arguments a step further. ??? to say ????? money becomes an end in itself rather than a means to other more important goals in human life.

For this reason the Apostle Paul warns us, "Do you want to be truly rich? You already are if you are happy and good. After all, we didn't bring any money with us when we came into the world and we can't carry away a single thing when we die. ????? without money, if we have enough food and clothing. But people long to be rich soon begin to do all kinds of wrong things to get money. Things that hurt them and make them evil minded and finally send them to hell itself. For the love of money is the first step towards all

kinds of sin. Some people have even turned away from God because of their love for it. And as a result, have pierced themselves with many sorrows. O, Timothy, you are God's man. Run from all these evil things. Work instead at what is right and good learning to trust him and love others, to be patient and gentle. ??? consistent follower of the Lord Jesus Christ the real meaning and purpose of human life is to be found in love of God and love of one's neighbor. Love, not money, is the meaning of human life. A Christian man or woman ??? views, would not abuse money looking upon it as a means of better serving God and one's neighbor.

??? will always be subservient to the coming of God's kingdom. In seeking God's kingdom first our Lord ??? all of these other things we need the food and shelter and clothing will be added unto us. Finally, our Lord and Savior teaches, "Lay it up for yourselves treasures upon earth where moth and rust doth corrupt where thieves break through and steal. But lay up for yourselves treasures in heaven where neither moth nor rust doth corrupt. With these ??? for where your treasure is, there will your heart be.