

A COMMENTARY FROM A GEORGIST VIEWPOINT

ON

"BIBLE LAW ON MONEY"

Published by America's Promise Ministries, P.O. Box 30,000,
Phoenix, Arizona, 85046. Updated and extracted from a book

by Pastor Sheldon Emry.

Commentary by Graham Hart

Hon Secretary

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AUTHORS NOTE

The writer has not had the opportunity to read Pastor Emory's book, which is now out of print. There may be some reference to genuine land tenure reform, but it appears that the supreme importance of creating incentive for efficient land use and making land speculation unprofitable, was not understood; otherwise there could have been no confusion between Usury and Interest.

If this is not so, the publication of "Bible Law and Money", without the full text, is a great disservice to the Georgist movement. It is difficult enough to make workers and management understand that they would benefit greatly from the payment of rent to the State in lieu of taxes, despite the disappearance of land price. To inform the business community and investors, in general, and incorrectly, that the rewards of capital investment, also, would be lost, would create an impossible barrier to the restoration of social justice.

There are many people, including some Georgists, who are aware of the injustices of distributing wealth by monetary manipulation and understand that under present conditions market forces register injustice. In consequence such people are unduly influenced by propaganda which confuses Interest with Usury. Henry George was not wrong on the Interest question.

It is the writers hope that this examination will restore the faith of Georgists and recruit new followers to our ranks.

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BY GRAHAM HART

April 1991

1. Usury is quoted as being condemned by Martin Luther, "The Heathen", by ancient Christian philosophers, and by the teachings of the Bible. The silent acceptance of "interest" by the modern, so-called Christian established Church is severely criticised in consequence. There are no definitions of "Usury" given and the term is accepted as being synonymous with "interest" which is not stated in the Bible.

What is even more remarkable is the complete lack of any consideration being given as to why there were, and are, people living in conditions of such abject poverty that they are obliged to borrow and pay extortionate charges just to survive. Such people are the helpless victims of unscrupulous money lenders who have surplus money to lend and are in a position to demand usury at rates which have been known to be as high as 100%.

Precise definitions are essential in any treatise, especially one in which such outspoken criticisms are involved. Any publication which deals only with effects, in total disregard of causes, must be considered as suspect and even with the possibility of ulterior motives, due to ignorance or intention. The definitions, necessary to understand how the disgraceful conditions, under reference, are possible in modern society, in which science has unfolded the extent to which the ability to produce life sustaining wealth has been immeasurably increased are as follows:-

There are two basic factors in the production of wealth:

1. Land - (the earth), which is Gods free gift to all mankind as the source of all life sustaining wealth and the field of all human endeavour - "He formed it to be inhabited" (not monopolised) Isaiah 45.18.
"The profit of the Earth is for all --- " Eccl. 5.9
"Then shall the Earth yield her increase and God, even our God shall bless us" (all of us) Psalm 67.6
"And ye shall inherit it, one as well as another" Ezek. 47.14
"The Earth is the Lord's and the fullness thereof --- " Psalm 95.5 (The Lord God's - not the big land-lord's, about 10% of whom, have immorally, but legally, usurped about 90% of the value of alienated land throughout the world).
2. People - who apply their labour of hand and brain to the freely provided resources of the earth in order to earn a living.
"In the sweat of they face shalt thou eat bread" Genesis 3.19 (not in the sweat of thy neighbours face is surely implied).
3. Wealth - is the product of labour applied to land.
4. Capital - is that part of wealth, set aside to support the more efficient production of wealth, instead of being directly consumed.

Similarly there are two basic factors in the distribution of wealth:

1. Rent - for the use of land, which because of the natural or locational advantages of particular areas, has greater capacity to increase the efficiency of labour than marginal land, which is the least productive land in use, has the least advantage, and therefore bears no rent.

2. Wages - the net return to labour, after rent for the use of superior land has been paid where availed of, and interest for the use of capital, if used, is paid - all at assessed market value. i.e. fixed by competition.

It should be noted that that part of wealth, called 'capital' used to build machinery and factories and support the cost of handling raw materials, goods and components in the course of exchange yields interest which is really a sub-term of wages, and interest is deferred wages, yielding a greater return progressively during a later period of time.

To condemn interest, therefore, is to affirm that labour should not be entitled to the extra return which the use of capital imparts. For example, if a potato grower, takes time off to make a spade, which enables him to produce many more potatoes, why should the person who made the spade be not entitled to the extra rewards of his labour in making the spade, and if not, to whom should the extra productivity belong?

Similarly, if some people specialize in making spades, which they can do at greatly reduced costs by mass production, why should they be deprived of the market assessed value of their product in competition with other spade producers. The use of the spade in the hands of the potato producer earns interest and the lower the cost the more interest will be earned - no one is injured.

If there were no rewards for producing capital goods and making exchanges, no one would apply their labour to the production of capital aids to production and, due to the lack of incentive, production would be greatly reduced.

Due to the government organised, mal-distribution of wealth, the word 'capitalism' has become a wrongly used, emotive term, associated with exploitation. The use of capital is so essential to modern industry supporting services, that it has come to be regarded as a third factor in distribution.

It is important to remember, however, that there are two basic essentials - land the passive factor and labour the active factor. Without labour being exerted there could be no rent, wages, nor interest, and without the availability of land there can be no life. It should be noted that the word 'profit' does not figure in economic definitions. This is an accounting term used to define the degree of viability, or otherwise, of particular transactions. The economic factors of distribution are included in different proportions.

3. Money - Centuries ago, in primitive society, with a minimum use of capital, exchanges were made by barter, which was a time wasting

exercise. A farmer who had surplus wheat and needed sheep had to find another farmer who had surplus sheep and needed wheat. The idea was conceived of making a medium of exchange which was mutually acceptable, which has a fairly constant value and was convenient to use. Gold and silver were found to be most suitable for this purpose. Gold and silver-smiths were induced to produce coins in exchange for other forms of wealth which they needed at the cost of providing metal and labour. Such coins had an intrinsic value; that is, they could be melted down and used for other purposes.

Money is a labour saving device and, as such, is capital. It may be used over and over again to facilitate exchanges. The amount needed depends upon the rate of circulation. Those who have provided this service are, most certainly, entitled to a return on their investment - which should be determined by competition.

It is not denied that Kings and others with political power have engaged in exploitation. For example, Henry XIII is reported to have rumbled gold coins and pocketed the dust, and to have clipped the edges - which is the reason that serrated edges were introduced.

One must assume that prior to the minting of coins at whatever stage in history, that gold and silver and perhaps copper were exchanged by weight as a more convenient method of making exchange than barter. In time it was found to be more convenient to issue notes representing the value of the coins, with the guarantee printed thereon, to exchange on demand for coins of real value. For larger transactions metallic bullion was used to replace coins. Later again, less inconvenience was found to result from accounting systems with debit and credit entries and from advances made by banks against tangible acceptable security.

We all know how the banking system has been converted to a means of exploitation by government interference, with credits issued without proper security, by the enforced need to borrow by impoverished people and near bankrupt governments on the one hand, and the fabulously rich engaged in the money lending business, with the obligation to exchange notes for real wealth repudiated. The question naturally arises - why are there a relatively few, fabulously rich people, with funds available to loan money - that is the wealth and capital it represents, and about a billion people (one fifth of the worlds population) living in abject poverty, and many of whom are forced to borrow or live upon charity?

4. Usury - is a most ancient term, commonly understood to mean borrowing money at excessive rates of 'interest', by desperately poor people who are thus enabled to get a few more meals and while there is life there is hope - mostly misplaced unfortunately.

Currently, interest rates have become loaded with inflation and taxes etc. and, borrowing demands have been increased by poverty. Unsecured credit has been made available and land price has been used as a basis of security. All such unnatural conditions have had the effect of increasing interest rates beyond the real earnings of capital, which has imposed a real burden on the majority of people and increased the

unearned fortunes of the fortunate minority. The additional loaded cost of borrowing and lending is better described as "spurious interest", because it is still subject to market assessment whereas the rate of usury related mostly to the desperate circumstances of the borrower and the inhuman cruelty and greed of the lender.

At the time Usury was practiced world population and the use of capital was relatively very low and land, therefore, had little value. With the enormous increase in population and technological advance, land has increased enormously in value and private ownership, without a corresponding obligation, in defiance of scriptural injunction, has proved to be a much more effective method of exploitation than either Usury or chattel slavery, with which neither could compete under modern conditions.

Before finally examining the real causes of poverty and unemployment increasing with material progress, it is of interest to go back to the time of Moses and for seven centuries thereafter when the repudiation of Jehovah by the Israelites was finally sealed. The need of Christ's mission upon earth a further seven centuries thereafter could probably be traced to the injustices which had arisen because of repudiation of the "year of the jubilee".

1. Moses declared, as recorded in Leviticus 25.23 - "The land shall not be sold for ever; for the land is Mine; for ye are strangers and sojourners with Me". The Rev. Archer Torrey of Korea in his book "Land and Bible Economics", recorded that for seven centuries after Moses there was continual conflict between the worshippers of Jehovah and Baal, relating mostly to the conditions of land tenure, with final victory to the latter. The worshippers of Baal believed in self-indulgence and a riotous living for the ruling class and their favourites, regardless of the oppression of the poor.

Because of this conflict, it is doubtful if the year of the jubilee, every fiftieth year, in which the land was to be re-divided among the people, to remove any inequalities which had arisen, and to ensure that equality of opportunity for all, was fully preserved - was consistently applied. The reference in Deuteronomy 15 to the injunction providing for the release of debts every seven years is probably a recognition that debt normally arises because of inequality in the conditions of land use and was provided as interim relief for the disadvantaged poor.

The forbidding of the exaction of Usury and even the release of debts unto "his neighbour or his brother" is understandable under the circumstances, but permission to exact debts from a foreigner - "of a foreigner thou may exact it again", is more difficult to understand. The reason is, no doubt, that people in a foreign land are not necessarily subject to unjust conditions of the habitation of land and in any case, the Israelites were not responsible.

It is of the utmost importance to note the final exemption - "Save when (to the end that) there shall be no poor among you; for the Lord shall greatly bless thee in the land which the Lord thy God giveth thee an inheritance to possess it" (all people with equality of opportunity).

It is impossible for genuine Christians to believe that an omniscient, loving Creator would populate the earth, without providing sustenance equally for all his creatures. This He has done but the selfishness

and ignorance of perverted human nature has diverted this bounty to the favoured few and left the great majority to survive as best they can from charity (begging) or thieving.

It is freely admitted that there are grave injustices in the present banking system but as Winston Churchill so wisely declared "Land monopoly is the mother of monopoly" from which, all secondary and counter monopolies including the monetary system, are spawned. One can live without money but not without access to land. Moses recognised this in the provision of the year of the jubilee, which would have been adequate for a small population based mainly on animal husbandry.

2. Compulsory state communism, which includes the nationalisation of land, is a blind and bloody reaction to land monopoly - withholding land needed to support the life of the people, except, subject to the payment of extortionate tribute to those who have been enabled to monopolise the land. Land nationalisation has been tried and is a proven failure. Marx blamed the Capitalists in the first two volumes of Das Kapital but later admitted his mistake in volume three, which was not published until 11 years after his death. He therein recognised that the capitalists extract it (the rewards of human labour) from the workers and the landed aristocracy extract it from the capitalists. Land nationalisation, under which land is apportioned by the bureaucracy could not hope to function with vast populations and enormous differences in land value, with fixed improvements built onto the land and with people constantly being born, dying, and migrating. A farmer might require 1000 acres to support his family, whereas a clerk could earn an equivalent standard of living, occupying a few square metres of floor space in a multi-storey building.

3. Henry George proposed that the equality of land rights be secured on the basis of value rather than of area within the provisions of the present title system. Each land holder would pay to the state, the market assessed rental value of his holding with the right of exclusive possession, and that all taxation which destroys production incentive be abolished. He noted that wages and the real earnings of capital are reasonably constant, varying perhaps ten times, according to energy, ability, and experience, whereas rent varies to infinity - from nothing on marginal land to a peak value of \$8,000,000 per annum, per acre, in Australia, and much higher in more densely populated countries, using modern technology.

This system alone conforms with scriptural injunction - "The land shall not be sold for ever" because when rent is taken for public revenue, land price would disappear and, in exchanging titles, land holders in effect, (titleholders) would be selling only the improvements which are their own property. George observed that the rental value of land arises from the presence and activity of all the people in the economic community and the services of government necessary to support closely settled and regional communities; not from the efforts of individual land holders, except as members of the community. The rental value of land therefore is a social asset and the only proper source of public revenue which does not violate the commandment "Thou shalt not steal". The taxation system that has been substituted at enormous cost, directly and indirectly, as a substitute for

the collection of land rent, exclusive of improvements, for public revenue.

Taxes imposed on production and consumption are one maze of temptation, with rewards to the dishonest and unscrupulous and with penalties imposed on the honest and industrious - whilst professing Christians, who remain silent in the face of such monstrous injustice pray - "Lead us not into temptation". When people are treated unjustly and denied basic human rights there is an inevitable reaction - violent and fraudulent crime, and civil disorders of every kind, which often result in mental and moral derangement, causing murder, suicide, vandalism, and attempts to escape from reality, by resort to drugs and other substances which lead to addictive illness - so the commandment forbidding murder is also violated. In the Book of Micah 6.8 the question is asked - "What doth the Lord require of thee?" and answered in order of priority: 1. "To do justly", 2. "To love mercy", and 3. "To walk humbly before God."

The writer of "Bible Law and Money" quotes from Micah, Chapters 6 and 7, but evades the central issues stated in Chapter 6, verse 8. It is not possible to love mercy and walk humbly before God, whilst being unjust to the neighbour, which injustice, results in disgraceful poverty. The writer has never heard a sermon on the subject of justice, which is not clearly understood by professing Christians. Justice begins with 1. the right to earn a living which is only possible, directly or indirectly, from the use of land and 2. with the right of property in the product of each persons labour. Both conditions are, at present, denied by governments and there is no fine print in the Good Book, exempting governments from conforming with the Commandments.

There are some apparently conflicting scriptural injunctions on the subject of Usury, but declarations on the conditions of land rights are crystal clear, incapable of being misinterpreted.

4. Martin Luther is supported in his description of Usurers as thieves and murderers, which in some instances they are, but turns a blind eye to the greater crimes and loss of human life due to monopoly of, and speculation in, land - Gods gift to all people. Ezekiel 18.8 declares of the Usurer "he shall not live, he hath done all these abominations; he shall surely die". Usury is described in Deuteronomy 23 as including the lending (for reward) "of money, victuals and of anything that is lent upon Usury" (with a stranger being exempted).

Martin Luther is quoted as saying that an Usurer "justly aught to hang on the gallows" in disregard of the commandment forbidding murder and the Biblical statement "Vengeance is Mine: I will repay saith the Lord". If Usurers are to be murdered, let us hope that no strangers are so dealt with by mistake because death is so permanent. Punishment befitting of the crime of Usury should be reserved for the greater criminals who deny the right of their brothers to use the land which the Lord God has provided for all his people, and who do we punish - the land speculators, the politicians, who have legalised this "abomination", or the people who elected them?(excluding disenfranchised voters). The ancient rhyme - "The law locks up the man or woman who steals the goose from off the common, but lets the greater felon loose, who steals the common from the goose", is worthy of serious reflection.

The prevention of wrongdoing by punishment should have the objective of discouraging further crimes and reforming the convicted person which

requires the abolition of enforced idleness and injustice. The death sentence is so barbaric that the writer prefers Christ's merciful advice to the woman of Samaria: "Go and sin no more."

It is correctly explained in "Bible Law on Money", that a nation's prosperity should be judged, not by its' gold reserves, but by "the abundance of food and products that the people need and enjoy are true material wealth". Gold and silver, however, play a part in reducing the cost of exchanging wealth and support a prosperous economy just as do the use of machinery and warehouses. Some years ago, as explained in "The War on Gold", America disposed of about half of its' gold reserves at about half the true market value in order to prove that "the greenback" (its' note issue) was of equal value to gold. Some years later the bullion was repurchased at full market value - hardly a business-like transaction - why?

It is recommended by Pastor Emry that all "banks and their properties should be Nationalised and taken over by government until they could be disposed of by sale or restitution to private citizens" - so we would then be back to where we started from. History should have taught us that government interference has seldom been helpful. Banking transactions which involve the issue of currency is the real problem.

Note - The Bible is not entirely an historic book. It has a spiritual as well as a literal sense as explained by Emanuel Swedenborg, which was revealed to him as the Science of Correspondences. The literal sense shines clearly in some passages, as it does in references to the land. In others it is a vehicle for the internal sense. Death of the body, where it is inconsistent with the Ten Commandments and other passages, means spiritual death, exemplified by the extreme cruelty of some Usurers who exploited the helpless poor. That is a life of doing evil instead of good. There are no inconsistencies in the internal or spiritual sense of the Bible, nor in the explanatory writings of Swedenborg, which included more than 20 large volumes. The reason for God's message being preserved by correspondences, is that the meanings of words change through the ages, whereas correspondences do not. For example - a bird corresponds thoughts, an animal to affections, each of differing qualities, raiment to externals, a man to the predominance of the rational faculty, a woman to love and feelings, marriage to the conjunction of truth and good, etc. etc.

5. Banking and the issue of currency is not a necessary monopoly and therefore, not a legitimate function of government. Competitive private banking and the issue of currency can only be effectively restored to private enterprise when land monopoly and taxation have been abolished, because of the ability to borrow on the security of socially generated land price, which causes unnecessary public and private debt and inflation - see Banking Currency Credit and Inflation by Graham Hart (the writer).

6. The machinations of the World Bank ^{and} its agencies were, no doubt, unheard of when Pastor Emry's book was published, but if he could have foreseen how National funds have been controlled and diverted from their rightful owners by a central unelected authority, the evils of Usury in a past age would pale into insignificance. Enormous international interest bearing loans are organised through the World Bank, from the "developed" nations to the "underdeveloped" countries for the relief of poverty. Such loans are first borrowed from the World Bank, conditionally upon the acceptance of policies which are not submitted for approval by the people of the Nations concerned and in no way could be beneficial to the people.

In most cases the security of near bankrupt governments are accepted, but

attempts are being made to negotiate landed security from the ultimate recipients of loan funds. It is possible that only a "handful" of people know what is going on - certainly not the top level bank executives in the respective countries involved. Transactions are negotiated by book entry debits and credits, which, nevertheless, entitle the debtor nations to the wealth produced by other countries and affect normal trade balances. In some cases loans and interest are forgiven in return for conformity with World Bank policies. In general, borrowed funds enable despotic rulers, in the underdeveloped countries, to continue to repress their subjects and land right reforms are never involved.

7. Claire Whittmore in her book entitled "Land Tenure and the Very Poor", published by Oxfam, has revealed that the combined efforts of all the world's charitable organisations have not prevented the plight of the poor from worsening and the wealth of the rich from increasing (despite the activities of the World Bank). This is only possible by genuine changes in the conditions of land tenure and the public revenue basis as proposed by Henry George. Charitable attempts and pretences for relief of the poor are at enormous cost - whereas George's proposals are costless, except to those in receipt of unearned incomes.

It has been estimated that the average working family in Australia would benefit to the extent of between \$250,000 and \$400,000 during a working lifetime, from paying economic rent instead of taxes. Families with the greatest number of working members living at home would gain the most.

In conclusion, a final Biblical warning is quoted - "Woe unto them that lay house to house, that lay field to field, till there is no room and ye be made to dwell alone in the midst of the earth" - Isaiah 5.8. Count Leo Tolstoy said: "possession of land by people who do not use it is immoral - just like the possession of slaves".

8. When scriptural injunction is applied by governments to the conditions of land tenure and thieving by taxation is abolished, there will be no poor people, upon whom Usurers can prey, and no bloody wars, when the economic warfare of tariffs, cease. The payment of interest on invested capital (deferred wages) will then become a blessing. When there is no unearned income to be extracted from wealth producers, who will receive the full, market assessed, rewards of their labour; a justly based economy will have been established. Ultimately, all capital investment in individually owned enterprises, in cooperatives, or in joint stock companies, as the people elect to invest, will be subscribed as "deferred wages" and will earn real interest. This will provide the natural source of income to support retirement in old age and will make the humiliating pension system, with its inquisitorial means test, redundant. There will be no unearned incomes from monopoly for capital investment.

Interest may also be used to supplement living standards and to enable parents to assist their children to acquire a home during their lifetime, instead of an immoral legacy of land price when they have passed on. Children will also be enabled to help their parents in old age instead of paying taxes to pass this duty on to governments. Communication between the three generations, so necessary to the preservation of cultural standards, will have become re-established, as the family, once again, becomes the central unit of society.

9. If governments were to make it a legal crime to invest surplus wealth in industries which required the use of capital, and there would be very few, under modern conditions, which did not, and the inducement of earning interest was also criminalised the following effects would result -

1. There would be an industrial revolution in protest.
2. A black market would develop.
3. Investment would be channelled to land speculation, unless Georgist economics were first introduced, under which such a stupid proposal would never arise.
4. There would be a drastic reduction in the standard of living.
5. Taxes would need to be increased (assuming taxes had not been abolished at the time) to pay for increased prison accommodation and all the legal costs associated with attempting to enforce an immoral law.
6. The only means of saving surplus wealth would be to buy and store unneeded consumer goods of the most durable kind available, but these would be in short supply if the receiving of interest was made illegal.
7. People would hoard money which would induce banks to replenish their issued supply. This would cause inflation if there was a sudden change in market demand and the extra volume of money was introduced into the market to be exchanged for a reduced supply of goods.

Such a proposal to ban the taking of interest is too stupid for further consideration. To ban the use of spades and force potato growers to use their fingers would be just as sensible.

10. Under existing conditions, industrial enterprise is financed by individually misappropriated rent and the proceeds of secondary monopoly, also to an extent, by the legitimate earnings of the work force, including executives. Dividends paid to shareholders, therefore, include a return for all such factors. The cost of buying shares is increased by the proportion of all the monopoly advantages included in the company's operations, including land ownership and the lesser monopolies, its buildings and capital equipment, which are described as net asset value. Efficient management and marketing which also support the company's "profits" (good will) add to the market value of shares.

In a Georgist economy, in which all forms of monopoly and privilege, have been eliminated, corporate industry would be financed by funds which have been earned and arise from wages and interest. Dividends paid would be real interest only. That is, what has been earned after all operational costs had been paid. The cost of buying shares would be governed by net asset value and good will. As a consequence, the average rate of interest would be determined by the relative value of share capital.

There will always be conjecture regarding demand for the products of respective companies and for the efficiency of production and marketing, which will account for minor fluctuations and trading in shares - this will be beneficial because it will promote provision for new development and incentive for the most efficient use of capital.



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COPY TO: COUNCIL OF GEORGIST ORGANISATIONS

26th June 1991

The Director,
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Dear Sir,

The enclosed essay, as stated, is a commentary on your undated publication "Bible Law and Money."

This may prove of interest and if so the writer would be pleased to receive your response.

Please find also enclosed copies of "The Christian Church Land & Politics," and "Banking, Currency, Credit and Inflation" which are relative to the subject together with a literature catalogue.

Yours sincerely,
Georgist Education Assn.

Graham Hart

Graham Hart,
Hon. Secy.

enc.s