

THE FUTURE WORLD ECONOMY?

What is ahead for the future of the world's economy and our global marketplace? Over the last 50 years since World War II the wealth of the United States has grown to an unprecedented level. Most people 50 years ago could not have dreamed that so many would enjoy the kind of things that those of our generation can enjoy from bigger and modern houses to all the wonderous array of electronic gadgets we have such as computers, mobile phones, DVD's and so on.

On the surface the economy looks sound and based on a solid foundation if we judge by the sheer volume of goods that are being traded in our western nations but what lies underneath? Is our economy really that good and is the economic expansion we've seen over the last decade truly sustainable?

In an article entitled "Problems with Globalization" Michael Balson writes: "The Market doesn't really care about people, it is driven only by profit...A small group of people are becoming extremely rich, while the vast majority are becoming desperately poor. Even in the super-wealthy USA, there is a ballooning underclass known as the working poor earning between \$5 - \$6 dollars an hour, 40 million people have no health cover, and the richest 1% has the same combined wealth as the bottom 95%" (<http://communitycauldron.com/globalisationissues/balson.html>).

Financial expert Jim Puplava in his article series "The Perfect Financial Storm" (www.financialsense.com/series2/perspectives2.htm) makes these comments on the state of the economy and the dangers of the debt bubble upon which it is built:

"Our economic expansion is the longest running expansion on record. Unemployment is the lowest it has been in over three decades. Inflation is nonexistent. Interest rates are historically low. Our stock market has delivered double-digit gains for the last five years and created unprecedented wealth...the supply of money in the economy has been allowed to expand at above-normal rates. By keeping the printing presses running, the Fed has kept the financial system pumped up with liquidity. It has also served to suppress the true cost of credit by making it amply available..."

"If easy money and low interest rates have helped to spawn record debt at the consumer level, it has also fed into a corporate debt frenzy... At some point, all of this debt will come home to roost. Consumers can't spend and borrow forever. Eventually the reality of interest payments will set in. If growth in the economy begins to slow, and as a consequence unemployment increases, debt burdens could become unsustainable..."

"A decline in the stock market will have dramatic supply and demand effects. A significant drop in stock prices would mean a loss of wealth, which also implies a reduction in consumption. Collapsing stock prices will also have a direct effect on the federal budget. The budget surpluses over the next decade assume over \$900 billion in tax revenues coming from capital gains. The loss of capital gain tax revenues that would come from a bear market in stocks, combined with an economic downturn, could lead once again to a large federal budget deficit."

"It seems fair to conclude that the high levels of debt in our economy now pose a risk to the financial system...The dangers of a severe and prolonged recession are being seriously underestimated. The credit expansion that has created this financial bubble is not sustainable. The Clinton Administration and the Fed daily proclaim the economic miracles of the era. In reality they have created an economic and financial bubble of epic proportion. Efforts should have been made to deflate this bubble years ago. But the political capital of this credit boom has been hard to resist. Unfortunately, our generation and our children's generation will very likely pay a substantial price for this policy failure."

If our economic system is built on a faulty foundation is there a better system and will there be a happy ending for the future of our global economy?

Being a history buff I was quite surprised to learn many years ago about a revolutionary set of economic laws that were practiced a long time ago that address some of the fundamental weaknesses in our financial system. Surprisingly, those laws are found in the world's best selling book yet they have rarely been noticed by the world at large.

Given the volatility of the global economic system in our world today it might be worthwhile taking a few moments in this article to look at the economic laws found in the Bible and see how they compare with our current economic system.

Little of the money that is printed and introduced into our monetary system today is backed by anything of real value such as gold. Howard Rand describes the Biblical principle of a just medium of exchange with these words:

“It is clear from a study of the Israel system of exchange that a unit of value was established, fixed in its relation to goods, with silver part of the monetary system to increase volume with increase in goods...The only foundation on which true prosperity can rest, with an unlimited expansion of industry and enterprise and an increase in production—without having a corresponding increase in poverty in the midst of plenty—is an adequate and equitable medium of exchange. This medium must be a perfect weight and measure regarding the value of goods [**Deuteronomy 25:15**]” (Digest of Divine Law, p90).

By using something that is common like silver compared to gold that is used to only partially back our money it can much better keep up with the increase in the production of goods and prevent our goods, labour and paper money from dropping in value. Rand continues:

“Instead of fluctuation in prices there would be a fluctuation in the volume of the medium of exchange. Increased production would mean increased purchasing power in the increase in the circularisation of an increased medium of exchange...Today, with no adequate method of balancing gold against supply and demand, fluctuation in prices is inevitable. But when money can be made to expand with the increase in goods men can always produce at a profit, for prices will have become stabilized. The production of goods will then be as profitable as the mining of gold” (ibid, p.90).

The Biblical laws on the ownership of land are quite revolutionary and would go a long way towards eliminating poverty. In the Biblical laws on land ownership the earth belongs to the Creator (**Psalm 24:1**) and land itself cannot be sold and hoarded by individuals, companies and governments. Everyone, rich or poor, had an inheritance and their own land to grow their own food and produce goods which could not be taken from them. Imagine if everyone today had their own piece of property which they owned outright and could use to provide for themselves.

When a person in ancient Israel mismanaged their finances to the point where they had to sell their inheritance they weren't selling their land as such but the productivity of the land. If it was 40 years to the next Jubilee (held every 50 years) then it sold for 40 years worth of productivity; 30 years to the next Jubilee meant it could only be sold for 30 years worth of productivity as opposed to what the market would pay (**Leviticus 25:8-17**). The land could be bought back or redeemed at any time by the person whose inheritance it was or by his immediate family. The rights of the poor had precedence over those rich profiteers who bought it off them in that they could buy the land back at any time and have it restored to them. This system would help many of the smaller farmers today who have had to sell their farms to giant agricultural conglomerates. This system of land inheritance would prevent the ever growing gap between the rich and the poor.

In our society today people sell land for as much as they can get and try to make a profit on the sale of the land. If the price of land continues to rise because everyone is trying to make a profit when they sell it, this increase fuels inflation. If people need more to buy property they need to make more money and this drives up wages which, in turn, drives up the price of goods. The Biblical system of buying and selling property deflates this problem.

The original Israelite tax, the tithe, was only payable on one's increase (**Deuteronomy 14:22**). There were no taxes on sales or spending. The only major tax, the tithe, was 10 percent payable to the Levites, the ancient equivalent of today's civil service (**Numbers 18:21**). Only a tenth of that tithe went to the priesthood (**Numbers 18:21**). Today governments provide a vast array of services, compared to ancient times, which require much more taxes to pay for.

A couple more Biblical principles, if followed, would provide governments with much more money to provide for those services. A major part of the Federal government's budget is welfare. The Biblical welfare system consisted of two parts. The first is gleaning. This was the major way to provide for those who were poor. The poor who were able to work, worked the land and gleaned the crops and fruit of the harvest that was missed by farmers (**Leviticus 19:9-10**). Another tithe, collected two years in every seven, made up the slack and provided for those who weren't able to glean the fields (**Deuteronomy 14:28-29**). Another source of potential government income is the minerals of a nation which are owned by the nation's people as a whole, not just the mining companies.

How much better off would we be if we followed these economic laws today? Perhaps we might be much better off without the threat of recession or depression once our supply of credit is finally tapped out. And maybe we wouldn't have this ever growing gap between the rich and the poor in our western world. It's a system that has hardly ever been tried out.

Will it ever be tried in the future? The scriptures often speak of a time when the Messiah will return and usher in a glorious Kingdom to rule the world in which the statutes of the Bible will be law, so maybe, just maybe, we may live to see the day when these laws will be tried out and we will have the chance to compare and see which is the better economic system.