

Economic Issues

Minimum Wage

Although the minimum wage law is more than 50 years old, it is still a very controversial measure. In fact, a battle over the minimum wage occurs every time Congress tries to increase it. Minimum wage seems like one of those political issues that compassionate people should support. But the opposite is true. The minimum wage leads to maximum unemployment for people with few job skills trying to enter the work force.

My own experience is illustrative. I started job hunting as a teenager during a rather depressed economy. The minimum wage requirement nearly kept me from getting a job because, as an unskilled laborer entering the job market for the first time, I had nothing more to offer than a strong back and conscientious work habits. Whether I was worth the minimum wage in my first job is questionable. But after working in a machine shop and as a ditch digger, I developed skills that made me more valuable to my employer.

Back in 1938, establishing a minimum wage of 35 cents an hour seemed admirable. But today it effectively shuts less-skilled people out of the work force. In essence, the minimum wage law requires employers to discriminate against young people with few job skills. A teenager whose services are worth, say, only \$3 an hour is not going to be hired at \$4.25 an hour (plus benefits like Social Security, which raise the cost to the employer to over \$5 an hour). The choice is not between working for \$3 an hour and working for \$4.25 an hour. The real choice is between working for \$3 an hour and not working at all.

The effect of minimum wage on young people is devastating. When the lowest rung on the ladder is higher than your head,

that necessary first step into a job will never be taken. The high rate of unemployment among teenagers is due in large part to the minimum wage laws that place the rungs on the ladder too high. Eliminating the minimum wage would allow more young people to get on-the-job training.

Minimum wage's effect on the poor is also troubling. Research indicates that for every 10 percent rise in the minimum wage, there is a 3 percent drop in employment among workers covered by the Fair Labor and Standards Act. In other words, if seven workers get their wages increased, three workers either get fired or can't find work. Notice how the minimum wage law has changed the nature of employment in America. More and more restaurants are switching from waiter service to self-service. Gas stations have followed suit. It explains why you see fewer ushers at movie theaters and fewer "bag boys" at supermarkets. In the past, these jobs allowed young people to develop job skills. Today, many don't exist, and young people are the losers.

Raising the minimum wage may seem compassionate. But in the end, those with limited job skills in need of work experience are the ones hurt by good intentions.

Comparable Worth

Although the idea of comparable worth has been roundly criticized, it is still gaining proponents. Like the minimum wage, it seems at first glance like an issue we should back. But it has not exactly generated a groundswell of support.

Clarence Pendleton (former chairman of the U.S. Commission on Civil Rights) called comparable worth "the looniest idea since Looney Tunes came on the screen." But even so, its proponents are resolved to make it the law of the land.

The seeds of comparable worth first found fertile ground in the judicial system. A number of years ago, Federal Judge Jack

Tanner, citing a consulting firm's comparable-worth study, ruled that the state of Washington was guilty of sex discrimination. His judgment of nearly \$1 billion against the state provided impetus for a similar suit in California.

Proponents of comparable worth argue that the Equal Pay Act of 1963 and the Civil Rights Act of 1964 are not enough and urge the adoption of comparable worth legislation. But underlying this movement are some questionable assumptions.

First is the dubious assumption that differences between male and female wages are due to discrimination. But sexism has less to do with the wage differences than with the way women participate in the economy. Many work part-time, and most leave the job market to raise children. Economist Walter Williams estimates that women on the average spend about one-third of their potential working years in the labor market and therefore have less job-related experience than men. When relevant criteria such as education, experience, and seniority are factored in, many wage disparities vanish.

A study released by the Rand Corporation demonstrates that the gap between male and female wages is decreasing steadily, and the rate of decrease has begun to accelerate in the last few years. Economists James Smith and Michael Ward show that this rise in wages is commensurate with improvements in women's education and job experience, "rather than legislation, government commissions, or political movements."

Second, the approach assumes that personnel studies can adequately compare different kinds of jobs. Yet there is no such thing as an objective scale of economic values. Economists from Marx to Ricardo have tried to devise non-market criteria for the value of labor, and there is still no consensus after 100 years of work on the project.

What will happen when the studies disagree, as they inevitably will? The potential for disputes is endless. Should nurses

earn as much as doctors or paramedics? How about a secretary who can drive a car? Should she make more than a truck driver who cannot type? There simply are not enough courts to handle the many kinds of questions that will surely follow.

Third, comparable worth assumes that governmental bureaucrats should decide pay levels. Even in situations of obvious discrimination, we should question whether a bureaucracy is the best way to rectify the problem. In fact, in light of the last 25 years of research into the nature of governmental bureaucracies, one might wonder whether bureaucracies are the best way to deal with any social problem.

Wage inequity deserves attention, but the solution is not to force employers to pay wages established by bureaucrats rather than by the free market. We need better implementation of existing laws and prosecution when discrimination occurs.

Comparable worth plays a game of “worthier than thou” by trying to compare vastly dissimilar occupations without utilizing the market system and depending solely upon subjective judgments. We would do better without it.

Budget Deficits

A theme in recent campaigns has been the budget deficit. And for good reason. We are drowning in tides of red ink, and something must be done. Some candidates suggest that the way to balance the budget is to increase taxes. But that won't solve the problem and most likely will make it worse.

The problem is not that we are undertaxed but that we are overspent. Consider these budget statistics. First, taxes have continued to increase throughout this century. That's not so surprising since the cost of living has increased as well. But tax receipts as a percentage of the GNP have also steadily increased over time.

A second way to look at the problem is to plot the increase of

the federal government's budget. In 1938 the budget was \$7 billion. Today the budget exceeds \$1 trillion. That's an increase of over 14,000 percent. In comparison, in 1938 a Hershey bar cost 5 cents, a first-class stamp 3 cents, a new Ford \$600, a good suit \$40, and gold \$35 per ounce. However, if these costs increased by the same proportion as the cost of government, the prices would be astronomical. A Hershey bar would be \$7, a first-class stamp would be \$4.20, a car would sell for \$84,000, a suit for \$5,600, and an ounce of gold would be \$4,900.

Moreover, a tax increase is not a solution; it is part of the problem. Economist Walter Williams has shown that the facts simply do not square with the oft-repeated assumption that more taxes will reduce the deficit.

Williams has studied the federal budget figures for the last 25 years and found the following. The budget has been in the red 24 of the last 25 years. And in 19 of those years there have been tax increases. His studies show that for each \$1 in tax increase during that period, there was a \$1.58 spending increase. In other words, when taxes rose, deficits skyrocketed.

In 1982, when Congress passed the largest peacetime tax increase in U.S. history, the new revenues were not used to decrease the deficit. Instead, they were used to increase spending in a number of budget categories.

The solution is to cut the federal budget. Bloated bureaucracies drain America's economic competitiveness and often dole out grants to things ranging from obscure scientific projects to obscene art. Certainly it is time to begin cutting the federal budget in significant ways.

A major budget category is federal pensions. There is nothing wrong with providing pensions to civil service employees and military retirees. But some of these pensions have grown much

more lucrative than anything found in the private sector.

For example, retired Senator Al Gore was making more than his son, Al Gore, Jr., until the younger man was given a Congressional pay increase in the mid-1980s. When Gore senior retired from Congress in 1970, his salary was \$42,000. But, thanks to federal cost-of-living increases, his pension was over \$78,000, while his son's salary was only \$77,000. When a current member of Congress makes less than a retired one, something is wrong with pensions. The Grace Commission found that if federal pensions were trimmed to resemble the "best" private sector pension programs, \$58 billion in taxes could be saved over a three-year period.

The federal budget is a problem, but many are looking in the wrong places for solutions. Americans are not undertaxed. The American government is overspent. We need to cut expenses, not raise taxes.

Housing

In recent years, Congress has made significant changes in the way it funds public housing. As the next budget considerations loom in the future, we can learn a great deal from the successes of the past.

One of the most important successes was the adoption of the housing voucher concept. The argument for housing vouchers is simple. Many current federal housing policies focus on bricks and mortar. These programs provide incentives to private developers and thus place an emphasis on buildings. Direct rent assistance in the form of housing vouchers is used to replace construction subsidy programs, which often benefit contractors more than the poor. These voucher programs, therefore, direct government resources at people, not projects.

Housing vouchers given to renters utilize the free market

system to bring about desired changes. When rent subsidies are allocated for construction of housing projects, we create a seller's market. When we give housing vouchers to renters, we create a buyer's market. A housing voucher system encourages landlords to improve run-down apartments.

Government housing policies make families dependent upon governmental subsidies and lock them into inadequate housing situations. In our effort to win the war on poverty, we have lost the war on independence.

To be poor is to be caught in a culture of poverty, frustrated and without choices. The voucher system provides not only a roof and walls, but choice and dignity. Although government pays only the amount of rent that exceeds 30 percent of a family's income, the family can choose to pay more than that and is free to move to a different housing situation.

A second program success has been the privatization of public housing. A few years ago a bill encouraging privatization was sponsored by conservative Jack Kemp and liberal Walter Fauntroy. Kemp, invoking memories of the Homestead Act of 1862, referred to this legislation as the "urban homesteading bill."

The bill offered tenants of the nation's 1.25 million public housing units the chance to buy their own homes and apartments at 75 percent below market value with no money down and at greatly reduced interest rates. Only units that were "modernized" were offered for sale.

The bill also empowered public housing tenants to run their own projects. Legislators recognized that tenant management would provide better management of public housing.

Inspiration for resident management came from the example of the Kenilworth-Parkside project in Washington, D.C. In 1982, Mayor Marion Barry granted self-management to the residents. An analysis by an international accounting firm indicated that

the tenants cut operating costs significantly, boosted rent collections by 77 percent, reduced the vacancy rate by two-thirds, and halved the rate of welfare dependency, thanks to jobs in the project created by the management team. These savings and new revenues, say the accountants, added close to \$10 million to Washington's tax collections.

These have been constructive changes in public housing policy. Housing vouchers provide choices and dignity and arm the poor with a mechanism to improve housing. Resident control of public housing provides for initiative and independence. We need more housing programs like this in the future.

Churches and Taxes

One of the oft-cited criticisms of Christians is that they attend churches that should be forced to pay their fair share of taxes. But once you understand the history of this issue, it is easy to see why critics of tax-exempt institutions miss the point.

When the United States was founded, the framers of the constitution wanted to protect churches from governmental influence. The first amendment to the Constitution specifically states that "Congress shall make no law respecting an establishment of religion nor prohibiting the free exercise thereof." This protected the churches from the intrusive hand of the state.

But when Congress began to tax its citizens, a question arose. Could it tax churches? The answer then was very simple.

The first two modern income-tax statutes were the Revenue Act of 1894 and the Revenue Act of 1913. In both the laws, only "net income" was to be taxed. Churches and all other non-profit organizations had no "net income," so they were not taxed. The author of the 1913 Act, Cordell Hull, even resisted the call for establishing explicit categories of exemptions.

He argued that the law was designed to impose explicit categories of taxation, therefore, all organizations not listed would be exempt.

But that was not sufficient for many in the bureaucracy, and so, over time, the Internal Revenue Service began to define what a tax- exempt organization might be. In the IRS code, it is defined as a 501(c)(3) organization.

From the IRS's point of view, it made sense to define a church, because they began to see the rise of bogus churches with names like the "Church of the Marijuana" or the "Hot Tub Church." But from the Christian point of view it seems most unwise to have IRS agents define in legal language what the Bible provides in explicit detail. Sometimes there was a significant confrontation.

Fortunately, Congress has passed a bill which more clearly specifies the role the IRS can have in securing church records and determining whether a church qualifies under the IRS code.

Many critics of churches argue that they can unfairly compete in the marketplace because of their tax exemption. But most of that objection was answered years ago.

The Tax Reform Act of 1969 ended churches' tax exemption for income from profit-making enterprises. Before 1969, churches exempt under the IRS code did not have to pay corporate income tax on unrelated business income, but Congress closed that loophole.

Critics also argue that exemptions are given as a legislative grace in return for specified public services which government would have to provide. But the U.S. Supreme Court held in a 1970 case that traditional property-tax exemptions for churches are constitutional and rejected the notion that exemption is a legislative grace. The argument may have its merits in reference to colleges, hospitals, libraries, or parks. But it is not applicable to churches, since government

could not constitutionally set up or operate a church to provide the religious services churches provide. Despite allegations to the contrary, churches are not “getting away with something.” They do not pay taxes because they do not have net income. When they do make a profit in a business enterprise, they pay taxes on it. The rest of the time, they should be tax exempt.

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Civil Disobedience

Biblical Examples

In Romans 13:1-7 we read that every person should be in subjection to governing authorities because there is no authority except from God. Those who resist authority have opposed the ordinance of God and will receive condemnation upon themselves. The Apostle Paul then concludes this section by saying that believers are to render to all what is due them: tax to whom tax is due; custom to whom custom; fear to whom fear; honor to whom honor.

The Apostle Peter likewise says, Submit yourselves for the Lord's sake to every human institution, whether to a king as the one in authority, or to governors as sent by him for the punishment of evildoers and the praise of those who do right (1 Pet. 2:13-14). So it is against this backdrop of biblical obedience to civil authorities that we discuss the issue of civil disobedience.

Francis Schaeffer said in the *Christian Manifesto* that if there is never a case in which a Christian would practice

civil disobedience, then the state has become Lord. He said, One either confesses that God is the final authority, or one confesses that Caesar is Lord. The Bible clearly teaches that there are times when a believer must disobey civil law so that he or she can obey God's higher law.

In the Old Testament there are a number of prominent examples of civil disobedience. In Exodus 1 and 2, when Pharaoh commanded the Hebrew midwives to kill all male Hebrew babies, they lied to Pharaoh and did not carry out his command.

The book of Daniel has a number of instructive examples. In Daniel 3, for example, Shadrach, Meshach, and Abednego refused to bow down to the golden image and were cast into the fiery furnace. In Daniel 6 the commissioners and satraps had King Darius make a decree that no one could make a petition to any god or man for thirty days. Daniel nevertheless continued to pray to God three times a day and was cast into the lion's den.

The most dramatic example of civil disobedience in the New Testament can be found in Acts 4 and 5. When Peter and John were commanded not to preach the gospel, their response was, "We must obey God rather than men" (Acts 5:29).

Notice that in each of these examples there are at least two common elements. First, there was a direct, specific conflict between God's law and man's law. Pharaoh commanded the Hebrew midwives to kill male Hebrew babies. Nebuchadnezzar commanded his subjects to bow before the golden image. King Darius ruled that no one could pray. And, in the New Testament, the High Priest and the Council forbade the apostles from proclaiming the gospel.

Second, in choosing to obey God's higher law, believers paid the normal consequence for disobedience. Although most of those previously cited escaped the consequence through supernatural intervention, we know from biblical and secular

history that others paid for their disobedience with their lives.

Operation Rescue

Operation Rescue describes itself as a group of God-fearing people peacefully but physically placing themselves between the killer [the abortionist] and his intended victims [the baby and the mother]. Members of Operation Rescue explain that

to rescue someone is to physically intervene on their behalf when they are in danger. We have an obligation before God to try to rescue these children and these women. We do this in a spirit of repentance for our many years of apathy and lack of action.

The foundational scripture for Operation Rescue is found in Proverbs 24:11-12. These verses read:

Rescue those being led away to death. Hold back those staggering toward slaughter. If you say, But we knew nothing about this, does not He who weighs the heart perceive it? Does not He who guards your life know it?

One brochure produced by Operation Rescue explains these verses by saying,

It is evil to know that children are about to be murdered and just let them die (Matthew 24:45). The abortionist is committing murder. He will not be able to appeal to Romans 13 on the day of judgment, and neither will we if we remain silent and allow this holocaust to continue.

Another very important verse for Operation Rescue is James 4:17. It is frequently cited with any commentary on the previous verses in Proverbs. And it is also used to answer the question of whether it is sin if a person does not engage in a

rescue. James 4:17 reads, Therefore, to one who knows the right thing to do, and does not do it, to him it is sin. Evidently, anyone who does not participate in Operation Rescue is committing sin.

When asked how going to jail can save a baby, members of Operation Rescue respond that it doesn't. But, they say, preventing the mother and baby from entering the killing center saves the baby and the mother.

When asked why they have to get arrested, members of Operation Rescue respond as follows.

There is an immovable moral ground upon which we stand. The murder of innocent people is wrong—absolutely wrong (Proverbs 6:16-17). Therefore, the appropriate response (based on Jesus' example) is to firmly and non-violently resist the evil by placing our bodies between the abortionist and his victims, which we do until we are carried away. This is called intervention. Intervention is a reasonable and proper response to murder. We are not there to get arrested. This is not a protest or a media stunt. We are there to follow God's command to rescue those being led away to death (Proverbs 24:11). We are to obey God's law even when it conflicts with the laws of men (Acts 5:29).

Finally, members of Operation Rescue are often asked why they don't rescue every day. They respond,

We would if we could. We are committing all we can to this task. If more in the Christian community would respond and be willing to be broken and spilled out we could close every abortuary in this city everyday (Mark 14:8).

Critique by Dr. Charles Stanley

As pastor of the First Baptist Church in Atlanta, Dr. Charles

Stanley was confronted with the activities of Operation Rescue in his city and thus provided one of the first critiques of the movement. While he is pro-life and agrees that the Supreme Court precedent of Roe v. Wade must be changed, he disagrees with the tactics and methodology of Operation Rescue.

In his analysis of the relevant scriptural passages, Dr. Stanley identifies a general biblical principle and the biblical exception. In developing the general biblical principle, he lists three major passages: Romans 13:1-7, 1 Peter 2:11-17, and Titus 3:1. He then concludes that these passages clearly teach that a believer has a biblical responsibility to submit to and obey the governing authorities.

The underlying premise on which this general principle is founded is that government is a divinely ordained institution for the maintenance of order, the punishment of evil, and the promotion of good in the world. This premise, according to Dr. Stanley, is supported by the following ideas. First, all authority is from God. Second, governing authorities are God's ministers. Third, observing the law is a positive, public testimony for Christ. Fourth, observing the law is the right thing to do. And finally, observing the law is ordered by God.

Having stated the general principle, Dr. Stanley then articulates the biblical exception. He says, It is right to break the laws when there is a direct, specific conflict between God's law and man's law because God's law is higher. He lists three major examples: Exodus 1 with the Hebrew midwives, Daniel 6 with Daniel and King Darius, and Acts 4 and 5 where Peter and John are commanded not to preach the gospel.

As I noted earlier, each of these examples has two elements in common with the other. First, there was a direct, specific conflict between God's law and man's law. Second, in choosing to obey God's higher law, the law-breakers paid the normal, natural consequences of their disobedience.

Dr. Stanley therefore concludes that a believer has a biblical responsibility to obey God's higher law when there is a direct, specific conflict with man's law. He then goes on to say that the civil disobedience advocated by Operation Rescue does not fit the biblical exception for three reasons.

First, the law being broken has nothing to do with abortion. Those arrested are not being arrested because they are protesting abortion but because they are trespassing. Dr. Stanley says that if anti-God protesters blocked the entrance to First Baptist Church, he would use the same ordinance to have them arrested.

Second, Roe v. Wade neither requires abortions nor prohibits them, but makes them permissible with certain restrictions. Third, the women who choose to have abortions are free moral agents responsible before God for their actions, including the exercise of the rights of their innocent, unborn children.

Dr. Stanley adds that if the law required abortions or prohibited the preaching of the gospel, his response would be different. The biblical exception would be met and the battle lines would be drawn.

Additional Critique

In our survey of biblical instances of civil disobedience, we have found that in each situation there was a direct conflict between God's law and man's law. In every situation a command from someone in authority directly conflicted with a biblical command.

In these cases, breaking civil statutes is biblically permitted. But what about instances where there is no direct command that conflicts with Scripture? This is where proponents and opponents of Operation Rescue generally differ.

Proponents argue that because abortion is immoral and unbiblical, we must exercise civil disobedience. Opponents

instead say that breaking civil statutes is biblically permissible only when we are forced to choose between God and Caesar.

Ken Myers, editor of the newsletter *Genesis* and former editor of *Eternity* magazine, summarizes the argument this way. He says Christians are permitted before God to disobey those laws that, if obeyed, would involve sin. But laws that can be obeyed without sin should be obeyed.

The fundamental principle is this: Christians are never permitted to disobey a just law in order to minimize the effects of unjust laws. In the case of Operation Rescue, the law being broken is a just law that prohibits trespassing. Rescuers are not being arrested because they are protesting abortion; they are being arrested for trespassing.

When there is a clear contradiction between God and Caesar, we have to obey God. But in other cases, we are to render obedience to civil authority. If we do not, then a state of anarchy would quickly develop in which each person did what was right in his own eyes. Christians must resist our culture's tendency to rebel at the first provocation, especially in light of the numerous scriptural admonitions to obey those in authority. These verses place the burden of proof on those advocating civil disobedience. Ken Myers suggests that rather than being argued out of breaking the law, we should be argued into breaking the law. Those advocating civil disobedience should successfully argue their case for disobeying the law. If they do not or cannot, then we should obey civil authority.

This principle is especially important in light of our sin nature. All of us have some rebellion in us because of our sin nature, and we want to break the law. So a good check on our carnal desires is to ask if breaking a civil law is biblically required. If not, we should give obedience to the law the benefit of the doubt.

Finally, opponents of Operation Rescue have objected to its use of physical force. Proponents believe that physical force (blocking entrances to abortion clinics) should be used to restrain the evil of abortion. But this raises two questions.

First, what are the limits to the use of physical force? If blocking clinics is justified, what about burning them down or blowing them up? Once any form of physical force is justified, how do we define the limits of its use?

Second, if physical force can be justified in fighting abortion what about its use in restraining other evils like idolatry or adultery? Should Christians block the entrances to New Age bookstores or porno shops?

These are important questions that need to be resolved. Although the Bible does permit civil disobedience, proponents of Operation Rescue leave many unanswered questions at a time when their actions should bear the burden of proof.

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