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Baptist author gets attention
with predicted economic collapse

By James Dotson

Baptist Press
10/20/92

GAINESVILLE, Ga. (BP)--The economy has been the centerpiece of this year's presidential election -- from the unshakable recession woes of incumbent President Bush to the call for the bitter deficit-busting medicine of tax hikes and spending cuts by candidate Ross Perot.

But in the background of the debate to many Christians is the even more serious warning of Larry Burkett, a member of First Baptist Church of Gainesville and one of the country's most popular advocates of applying biblical principles to money management.

In his 1991 best-seller, "The Coming Economic Earthquake," Burkett concludes that spiraling national debt has reached the point where it will almost unavoidably lead to economic collapse before the turn of the century.

Burkett is founder and president of Gainesville-based Christian Financial Concepts. His daily radio broadcasts, "Managing Your Money" and "Money Matters," are heard on more than 1,000 outlets worldwide.

The Coming Economic Earthquake has sold more than 600,000 copies. The book also has brought the Baptist layman attention from national media and of government, including recent meetings with several congressmen.

Burkett's predictions, which he says are still on track a year after his book's release, are by no means universal among economists, Christian or otherwise. But Burkett and those who follow his logic believe none of the presidential candidates' proposed solutions is likely to have much effect.

"Ronald Reagan had the last real opportunity to salvage this economy, get us out of debt and get us back in a productive direction," Burkett said in a telephone interview with Baptist Press.

"And whoever this president is ... he's going to be the overseer of a collapse, and he won't be re-elected in 1996, I don't think. He's doomed to failure. It's like being appointed the captain of the Titanic."

Burkett's fundamental thesis is simply that debt, particularly government debt, has spiraled to proportions that cannot be supported by the American economy much longer.

The national debt now stands at about \$4 trillion, or \$65,000 for each family of four, and shows all the signs of increasing exponentially each year as interest payments take up an increasingly large chunk of the federal budget and annual deficits continue to spiral.

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The book explores numerous scenarios of how a collapse could occur, most assuming continued inaction by Congress in dealing with the problem. (He said the current recession is probably not a direct prelude to such a collapse, however, and things will probably improve before the "earthquake.")

Burkett said "all realistic estimates" place the total debt -- including "off-budget" debt -- at \$13 to \$20 trillion by the end of the decade. (Office of Management and Budget forecasters predict about \$6 trillion in debt by the end of 1997.)

Eventually, Burkett said, the world economy no longer will be able to support that debt and the government could be forced to "monetize" the debt, in effect printing its own money to cover the shortfall. When that happens, as it did in Germany in the 1920s, hyper inflation and economic collapse result.

Alternatively, the economy could be sapped into a period of deflation, he said, perhaps spurred by a drastic drop in home prices in a currently bloated economy.

In any case, Burkett predicts the current structures of government will render it unable, as they have in the past, to deal with the problem. He suggests massive cuts of 40 percent from all federal payrolls and 25 percent cuts in "welfare" programs, defense spending and entitlement programs such as student loans, farm support, education grants and other government subsidies.

Even that, he said, would trim only \$146.5 billion a year (as of the book's writing).

Burkett's conclusion, and ultimately the purpose for the book, he says, echoes one of his most common themes: Individuals should become completely debt-free. He suggests consumers pay off all consumer debt as soon as possible and mortgage debt within seven years. In a complete economic collapse, only what is owned in full is completely secure.

"It's a time to start inside your churches some self-help organizations, not only for basic things like food or shelter, but helping each other get re-employed," he said.

Burkett is not hopeful about the nation's prospects this fall.

The three presidential candidates, he said, offer little hope for averting the crisis. The only candidate presenting a plan that Burkett believes approaches the necessary steps is Perot, but even if elected Burkett doesn't think Perot could get his plan through Congress.

"If you took a look at his plan, in theory it is good. (But) practically, there is no one in Washington who is going to execute it. Secondly, it is probably too much too soon," he said.

"It's kind of like having an ocean liner sailing down a waterfall, and you know you need to turn it. But you know you're not going to turn it 180 degrees in two minutes," he said.

That inertia in the economy means, for instance, that more taxes won't help unless spending is slashed. "They've already proved they will consume whatever they get," Burkett said, referring to Congress.

"If you're going to increase taxes, you have to do it in a graduated scale so you don't stifle that economy," he said. "And you've got to find some way to get the economy started, and that means you've got to offer investment incentives to people with money to put their money out and make jobs. There's no other way you're going to get an economy like ours going. And I don't see anyone addressing that."

Many economists, however, while expressing concern over the deficit, say Burkett's "earthquake" scenario is unlikely.

Donald Ratajczak, director of the Economic Forecasting Center at Georgia State University in Atlanta, said he is not as concerned about long-term debt buildup as he is about the short-term deficit.

"The deficit is the problem, because deficit financing actually leads to crowding out of productive activities, and if you do that you're going to slow down your long-term growth activity," he said. "It could lead to inflationary pressures, but it doesn't by itself mean you'll have a collapse of the economy."

Burkett's view also is not universal in the evangelical Christian community. Jim Halteman, chairman of the department of business and economics at Wheaton College in Wheaton, Ill., also has some problems with Burkett's conclusions.

Like many other modern economists, he said a better way of looking at the debt is as a percentage of Gross National Product, which shows the potential for servicing the debt. When viewed that way, he said, the debt is high today at about 52.5 percent of GNP but nowhere near the peak of 127.6 percent in 1946. Other market forces, he said, also would tend to help the economy avert a crisis.

"I'm not trying to minimize the difficulties the debt creates. I'm just putting it into a context which says it's hard to look at it and say impending doom, hyper inflation, bankruptcy or whatever term people want to use is in the foreseeable future. I have a hard time seeing that," he said.

"Those who focus on the deficit and the debt as being a real plague on our house probably are focusing on the wrong thing at the moment. I frankly think it is going to be with us through the decade -- hopefully in a reduced fashion."

Halteman said he also disagrees with Burkett's rejection of any debt on biblical grounds. He said in his own research he has concluded that credit as a tool for productive investment did not even develop in economic thought until the 13th or 14th century.

Consequently, biblical writers did not understand how debt could be used positively to build wealth, so references usually were negative.

"That doesn't mean there aren't principles there, but it would certainly be hard, I would think, to get a teaching directly from Scripture that would criticize either personal debt for productive reasons or even a national debt," Halteman said.

Other economists, however, agree with the thesis of Burkett, who himself lays no claim to being a professional economist. Jeff Tucker, editor of the monthly newsletter The Free Market, said the use of debt as a percentage of GNP is a false comparison, particularly because government spending itself is a part of that number. Burkett made a similar argument in his book.

The Free Market is published by Auburn University's Von Mises Institute, an economic center dedicated to classical economic theory, that economies work best when driven by personal choice and unencumbered by government interference.

Other factors, Tucker said, make the current situation different from earlier times of high relative national debt. There is much more government regulation and taxation, for instance, all of which he believes soak up economic capacity.

"If there happens to be any sort of shock to the economy, the private sector is not going to be able to respond as quickly and thoroughly as it has in the past," he said.

Like Burkett, Tucker believes a collapse is theoretically avoidable, but not likely. He takes a more radical stand than Perot, advocating immediate cuts of a third of the federal budget -- with no new taxes.

He added there is no real way to predict the timing of any such events, however.

"One thing we can know is that no civilization, no society, no nation has been able to run up debt at the federal level at this rate and gotten away with it. Eventually the bill has to be paid. That's a lesson history teaches us," Tucker said.

One point made by both Burkett and Tucker, however, is that the advice to the individual -- to prepare for the worst -- is sound regardless of whether the predictions come true.

"If I am wrong and you do all the things I have suggested, the worst that can happen is that you will end up out of debt and be more involved with our political system," Burkett writes. "If I am right and you do nothing, you'll end up losing everything you own and be totally dependent on the very system that created the mess we are facing."

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(BP) graph illustrating federal debt from 1940-1995 (projected) in real terms and as a percentage of GNP available from The Christian Index, Georgia Baptist newsjournal.

Nunn, Domenici head panel's call
for \$2 trillion in deficit cuts

By Art Toalston

Baptist Press
10/20/92

WASHINGTON (BP)--A 60-member bipartisan commission headed by Sens. Sam Nunn, D-Ga., and Pete Domenici, R-N.M., has proposed a 10-year plan to cut the federal government's deficit by \$2 trillion.

"Like everything else in life, it's a mixed bag," commented William H. Peterson, philosophy of business professor at Campbell University in Buies Creek, N.C., who has had more than 500 signed articles in The Wall Street Journal. "I like (the panel's plan) and I dislike it. It has good ideas and bad ideas."

The plan, proposed by the Commission on Strengthening of America, also calls for:

-- replacing the current federal tax code with a consumption-based tax to shift the nation's economy to savings and investment and to create jobs. The proposed system would offer tax savings to people who save and invest, taxing only the remaining portion of their income.

-- stiff cuts in the federal budget and \$376 billion in added revenue through the new tax system -- \$2.75 in spending cuts for every \$1 in tax hikes. The plan would reduce expected spending by 8 percent and increase revenue by 3 percent over current 10-year projections. (Defense spending, for example, would be reduced from 20 percent of the federal budget to 13 percent; foreign aid would be sliced by 9 percent.)

-- caps on entitlement programs other than Social Security.

-- research and development tax credits to strengthen the country's industrial base, along with increased resources for manufacturing technology such as national laboratories.

-- education-related reforms, such as a new system of secondary school national standards; expanded training and apprenticeship programs for students directly entering the work force after high school; training opportunities for workers already at a job; and a comprehensive effort to promote "school-readiness" in young children.

To pay for its domestic initiatives, the commission is calling for a hike in federal spending of \$21 billion during the next 10 years.

Recruited by the Washington-based nonprofit Center for Strategic & International Studies, the commission includes three Republican U.S. Senators, Domenici, Warren Rudman of New Hampshire and Alan Simpson of Wyoming; Democratic Sen. Jay Rockefeller of West Virginia; and former Louisiana Democratic Sen. Russell Long.

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The range of commission members also includes former Treasury Secretary William Simon; former Defense Secretary and CIA head James Schlesinger; former special U.S. trade representative William Brock; David Gergen, U.S. News and World Report editor; Joseph Fernandez, New York City schools chief; William Gray, head of the United Negro College Fund; and Edwin L. Artzt, chairman of Proctor and Gamble. No Southern Baptists are members of the panel.

The country's current national debt stands at \$4 trillion; interest on the debt now rivals all federal military expenditures.

The commission's plan is "a good start," said M. Ray Perryman, economist-in-residence at Baylor University in Waco, Texas, and author of "The Perryman Report" national economics newsletter. The federal deficit is "justifiably a major issue" and has grown "larger than we can possibly imagine" during the past decade, said Perryman, a member of Waco's Seventh & James Baptist Church.

But, he said, to focus too much on the deficit, "you're missing the real issue."

"The deficit is a symptom that we have not been competitive. What we need to do is get the whole economic house in order" -- in such areas as trade policies, investment, research and education to "make us more competitive in the world" -- "and the deficit will take care of itself," Perryman said.

Perryman warned that "politics" may doom the commission's efforts, noting that each facet of the plan will face lobbyist protectors intent on watering down proposed cuts. "By the time they're finished with it, there will be nothing left," he said.

Peterson, a Lutheran layman and eight-year faculty member at Campbell, a Baptist college, also warned of the threat of politics. Citing the commission's call for cuts in entitlement programs -- except Social Security -- he said: "We should not exempt anybody."

The government issues 40 million Social Security checks a month and possible cuts in the program are "big politics," Peterson said. "There are so many people out there getting money from Social Security, they're afraid (their plan) won't fly unless they exempt Social Security."

But: "Once you let in politics, you open a Pandora's box. If the senior citizens get a break, the farmers will want a break. And veterans. It goes on and on. There's no end to all the exceptions once you let in one exception," Peterson said.

Peterson lauded the commission's call for a new tax system spurring investment over consumption, but he questioned the group's intention that it be "progressive."

"What we want in a good tax system is equality before the law. That's the very essence of good government," said Peterson, who also is national chairman of Students and Professors Against Government Waste.

Taxing plans targeting the rich won't be effective, he said, because "the rich are not big enough to create all the savings the country needs." The middle- and upper-lower-class populations' savings and trust accounts, pension plans and insurance policies "produce, in mass, more than the rich," he said.

Such savings are vital, Peterson said, because they provide "capital formation" to build the nation's economy.

Nunn, in announcing the commission's plan for deficit reduction and other reforms, said, "We're all in the same hole together and we're going to have to dig out of it together. The deficit eats up our savings and saps our country's strength."

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Rudman, who is retiring from the Senate out of frustration with Congress's inability to control the deficit, said, "I am for the first time starting to feel a coalescing of a lot of different interests on the issue."

Said Commission director Debra Miller, a former Commerce Department administrator and Columbia University faculty member, "The fact that this bipartisan group was able to reach consensus on a comprehensive program to strengthen the U.S. economy is a positive indication of its political viability and its potential to spur legislative action."

The commission will continue to meet through 1993 and will focus on other issues facing America's future such as health care, energy, the environment and the plight of inner cities.

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Lobby leader charges candidates
avoid plight of hungry Americans

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WASHINGTON (BP)--"The urgent needs of America's most vulnerable have not been adequately addressed in this presidential campaign," charged David Beckmann, president of Bread for the World, as the anti-hunger lobby released its annual report on the state of world hunger, "Hunger 1993."

"In debating jobs and the economy, the candidates have been speaking to the pocketbook fears of the middle class, not to the immediate needs of this nation's 30 million hungry people," Beckmann said.

"The mood that grips the country is America first, me first. If we don't have the political will to stop hunger in our own country, we're not going to have the political will" to combat it in other parts of the world, Beckmann said.

The BFW report indicates many worsening trends for hungry people in the United States, according to staffers in the lobby's Washington office. Requests for emergency food assistance increased 26 percent during 1991; 25.7 million Americans enrolled in the federal food stamp program in July 1992, an increase of 7 million from 1989; and the number of people living below the poverty level increased from 33.6 million in 1990 to 35.7 million in 1991.

Beckmann also challenged the candidates to address the United States' humanitarian responsibility in the post-Cold War world. "Between 2,000 and 5,000 people are dying each day from hunger and war in Somalia, yet all three candidates ducked the question about Somalia" in the initial presidential debate, Beckmann said.

Ben Mitchell, director of biomedical and life issues for the Southern Baptist Christian Life Commission, told Baptist Press, "Unfortunately it is the nature of political campaigns in this part of our century to ignore the substantive, chronic issues like hunger, poverty and homelessness, and focus on the middle class.

"The Bible has the answers," Mitchell said, "and, sadly, we persist in ignoring what God has said. Government has a role to play in meeting societal needs, but it is primarily the church that is to marshal her resources to meet human need. Evangelicals have a Samaritan obligation to the poor, the homeless hungry and the displaced of this world. Our example is not our world leaders. Our example is Jesus. He always practiced what he preached, and so must we.

"The Christian Life Commission will continue to call on Southern Baptists and others to reach out to the poor and the homeless hungry," Mitchell said. "We call on government to create conditions in which effective ministry can take place around the world. And our goal is to fill hungry mouths with food and hungry hearts with the love of Christ."

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BFW's hunger report said the past year has been exceptionally bad for hungry people. There had been steady progress over the past two decades in reducing world hunger, but during 1991-92 the number of hungry people increased because of post-Cold War conflicts and disorder in Africa, the Middle East and former Communist countries.

Hunger also increased in the United States as the recession intensified long-term trends toward lower real wages, the report said.

Bread for the World, Beckmann said, favors "additional taxes on well-off people in this country to meet the needs of the hunger problem." When questioned, he acknowledged "there is plenty of food for everybody" in the world and new priorities are needed for use of available resources.

"Some resources could be freed up from the end of the Cold War," Beckmann contended. "The needs of hungry people should come before military spending that isn't needed anymore."

This year's BFW report devotes special attention to refugees and other "uprooted people." Since 1984, the number of refugees has doubled to 18 million worldwide. An additional 20 million people are displaced within their own countries.

Most of these people are uprooted from their homes because of war or political repression, the report said. "The number of uprooted people around the world has grown dramatically," noted Marc Cohen, research director for Hunger 1993. "Unfortunately, the resources which the international community provides for their care and protection have not expanded accordingly."

The report cited land degradation and other environmental factors as growing causes of uprootedness. Nearly 10 million environmental refugees have been forced to abandon their homes or homeland as a result of human-induced environmental conditions that threaten their livelihood, the report said. Indications are that, by the middle of the next century, the number of environmental refugees alone will be six times greater than the current number of people who are displaced by conventional causes.

According to Hunger 1993, the United States has its own "uprooted" population. Between 600,000 and 3 million people are homeless, more than at any time since the Great Depression. Homeless people are significantly more vulnerable to hunger, the report said, because of their low incomes, poor access to public benefit programs, health problems and precarious living conditions.

More than 25 percent of the U.S. homeless population work at jobs which do not pay enough for rent and food, the report said. The lack of affordable housing forces many people to choose between shelter and food. An additional 3.3 million people are living and working in the United States without legal permission. They, too, are extremely vulnerable to hunger, the report contended.

The report urges developed nations, especially the United States, to increase their assistance to uprooted people at home and abroad. The report also recommends that the international community establish rules that assure U.N. intervention to meet the needs of all uprooted people, including those displaced within their own countries.

Bread for the World Institute's Hunger Report is released each year on World Food Day, October 16. World Food Day was established in 1979 by the U.N. Food and Agriculture Organization to raise public awareness on hunger, malnutrition, poverty and development issues.

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Information in this article includes reporting by Art Toalston and Tom Strode and a BFW news release. (BP) photos, graphs available from Bread for the World, (202) 269-0200. Copies of Hunger 1993: Uprooted People, at \$12.95 each, may be ordered from BFW, Box A, 803 Rhode Island Avenue, NE, Washington, D.C. 20018.

HMB commissions
78 missionaries

By Martin King

ALPHARETTA, Ga. (BP)--There was stiff competition in mid-October when the Southern Baptist Home Mission Board held its fall commissioning service. Not only were the vice presidential candidates in Atlanta for their nationally televised debate, the Atlanta Braves baseball team was in town playing for the league championship.

However, more than 400 people attended the service held north of Atlanta at First Baptist Church in Alpharetta.

The service climaxed a week-long orientation of Home Mission Board work, structure and resources for 78 missionaries serving in 26 states, Puerto Rico and Canada.

Dewey Hickey, executive director of the Dakota Southern Baptist Fellowship, represented the partnership between the HMB and Baptist state conventions. He noted that commissioning certificates presented to home missionaries are jointly signed by representatives of the board as well as the state convention where they serve. Hickey assured the missionaries of the prayer support of state convention offices as they return to the field.

David Clines, one missionary sharing his testimony, said he is a product of home missions. Led to Christ by a church planter, he now serves as a church planter in North Carolina.

Beth Montano of Texas shared that she surrendered her life to missions while serving in summer missions. Tennessee native Eddie Miller, now director of missions in Reno, Nev., spoke for his new colleagues telling the gathering, "It is our desire and commitment to win America for Jesus Christ."

HMB President Larry Lewis, during his challenge, emphasized the importance of work. Citing John 9:1-4, Lewis said that the requirement of work was modeled by Jesus who said, "I must work."

The time for work will pass, Lewis emphasized. "If you don't believe that Jesus is coming again, you need to do some other kind of work."

Lewis cautioned the new missionaries that the rewards of their work will not be measured in salary and benefits, "which are not plentiful. But your rewards will far exceed what this world can provide."

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1991 Baptist Hymnal orders
climb beyond 2 million

By Charles Willis

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NASHVILLE (BP)--Orders for The Baptist Hymnal published in 1991 by the Southern Baptist Sunday School Board have exceeded 2 million copies 19 months after its release.

Cedar Street Baptist Church of Metter, Ga., placed an order for 250 copies of the new edition on Oct. 5, pushing sales of the hymnal past the 2 million milestone. The congregation sang from the new books during its homecoming services Oct. 19.

Pastor James Hartley said he and the church's volunteer music director, Monte Tillman, led the congregation to purchase The Baptist Hymnal because "we liked what we saw. It has better helps, the indexing is better and we liked the songs better than in our old hymnal."

Tillman, who is a teacher and coach for the middle and high schools in Metter, said: "The hymnal has a lot of the old hymns left out of the 1975 hymnal, and it has a lot of new music. It is a worshipful, scripturally sound book. We just think it's going to be a positive influence on our worship services."

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As of Oct. 19, total sales of the pew edition of the hymnal had reached 2,004,974 copies for a total of almost \$12.1. Total sales for the 28 other related products, including instrumental and specialized editions, had reached almost 150,000 copies for a total of \$1.89 million.

Unveiled in mid-March 1991 at PraiSing II, a national music and worship event, the new hymnal attracted sufficient interest prior to its publication to reach sales approaching \$1.5 million four and one-half months before the release date. Persons choosing to order in advance did so without seeing the final product.

The first pre-publication order for the hymnal was placed in February 1988, slightly three years before release date, by First Baptist Church of Richmond, Ky. By October 1990, 180,000 copies had been ordered. Sales had topped the \$4 million mark shortly after the PraiSing II unveiling, accounting for more than half a million copies of the pew edition. During the first month after publication, sales exceeded \$5 million.