

Should gold be used to support a currency? (25:11-12)

Like apples of gold in settings of silver is a word spoken in right circumstances. Like an earring of gold and an ornament of fine gold is a wise reprove to a listening ear.

THE TEXT (NASB)

Like apples of gold in settings of silver is a word spoken in right circumstances. Like an earring of gold and an ornament of fine gold is a wise reprove to a listening ear.

A word fitly spoken is like apples of gold in pictures of silver. As an earring of gold, and an ornament of fine gold, so is a wise reprove upon an obedient ear. KJV - Proverbs 25:11

INTRODUCTION



This proverb isn't proposing an economic policy about global currency, or the foundation of the monetary system. **Gold** and **silver** are simply idioms to identify goods of great value.

In this case, great value is ascribed to:

1. Fitting speech: The right **word spoken in right circumstances**.
2. Trust in the speaker by the listener: The **wise reprove to a listening ear**.

Throughout the book of Proverbs, the words *gold* and *silver* appear thirteen and twelve times respectively. They are always used as benchmarks for assessing value, but do they constitute a reliable basis for a national currency? What is a fiat currency?



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COMMENTARY

Fiat Currency



There are two types of money: Commodity money and fiat money. Commodity money derives its value from an underlying commodity from which it is made, like gold, silver, copper, or in ancient Rome, salt. (That's where we get the expression, "He's not worth his salt.") In contrast, fiat money derives its value from government decree. The Latin word "fiat" means, "Let it be done." Fiat currency can be traded and stored with anything: Plain paper, plastic, or highly-regulated numbers on computer chips. The fiat currency's worth is derived from an agreement among its users, like the government and traders in foreign currencies.

Ultimately, a fiat currency is based on a social contract. Social contracts and human governments can change. What is acceptable today may be politically verboten tomorrow. The cynical French philosopher Voltaire once said, "Paper currency eventually returns to its intrinsic value...zero." While fiat currencies function well as mediums of exchange and units of account, they fail miserably as stores of value. Fiat currencies rise and fall with their governments.

Biblical Support for Gold

There is strong Biblical evidence for the enduring value of gold. From its second chapter to its second-last, the Bible speaks highly of gold. We read about gold as "good" in Genesis 2:12, and "pure" in Revelation 21:18. Gold is seen in the Garden of Eden, the Ark of the Covenant, and the City of Heaven. From my analysis, no other tangible commodity (with the possible exception of water) receives such high biblical esteem. The official coinage of Israel, the basis of the Hebrew monetary system, was a shekel (a measure of weight) of gold or silver of the sanctuary.

Gold: God's Metaphor



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Note God's intention in underwriting this metal (Psalm 19:10): God's judgements are "more desired than gold, yes than much fine gold." The word "fine" still appears on today's gold bars, because the Creator God designed the natural order as the poetry of his love for us, his creatures.

However, could God allow gold to become commonplace (blips like the 1997s Bre-X scandal aside)? It would be ludicrous for God to say, "My Word is more valuable than wood." It seems to me that God has committed Himself to sustaining the value of gold, despite the words of some very intelligent, but misguided, economists like John Maynard Keynes (who said, "the Gold Standard is a barbarous relic"). Gold has always been a safe store of value. Keynes is the relic.

Gold in Prophecy

For those familiar with end-times prophecy, there is yet another reason to hold gold, beyond its perennial stability. Some scholars of the final Book of Revelation interpret the "Mark of the Beast" on people's foreheads or right hands, as the Anti-Christ's method of world domination, by controlling commercial transactions. Sensible people worry that the electronic marketplace is monitored by the powerful. If our immediate future unfolds as Revelation 13:15-18 paints it, anyone who holds gold may be more capable of operating in an underground economy, more than those entirely dependent on their bank computer chips.

Gold to Diversify Investments



I'm not advocating the love of money. I'm merely suggesting that God will *not* allow gold to become a base, ordinary commodity, like coffee. My dad's experience in World War II—a much worse time—makes the same point. Prior to being strip-searched by the Nazis, prisoners would swallow a gold nugget to hide it... temporarily. Gold has always been cherished as a store of value. It's portable (unlike real estate), dividable, convenient in trade, and universally prized. In many countries with unstable currencies, it makes complete sense to own gold.

From a Biblical perspective, it seems wise to hold some gold to diversify our investment portfolio. I like to use gold funds as a hedge against equities. Some caution is warranted for short-term holdings, since the spot-price of gold can be very volatile.

Gold Has its Limits



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Having considered all these good things about gold, we must weigh in some counterbalance. First, any financial gains from the purchase and sale of gold are subject to income taxes. More importantly, the Bible is crystal clear that we must *not* love or trust gold. “He who trusts in his riches will fall, but the righteous will flourish like a green leaf,” Prov. 11:28. (See: [What is the biggest money mistake?](#)) Second, a time is coming when silver and gold will be dumped like garbage. Ezekiel 7:19 describes people who detest and discard their gold and silver. What they treasured will be trashed. Something once loved becomes hated. Does this sound ridiculous? Think again. Under certain conditions, gold and silver are totally worthless. In times of famine you can’t buy food with any amounts of silver or gold.

At some times and places, like the reign of King Solomon, silver became so commonplace that it was not deemed a precious metal (1 Kings 10:21). Therefore, when an economy is vibrant and robust, don’t be surprised if silver, and even gold, are not highly valued—falling to their value as an industrial commodity.

Gold is Like Yogurt



The Bible gives even more warnings in the words of the apostles Peter and James, who walked with Jesus. Peter implies that gold is like yogurt, perishable: It has a “best before” date. James warns those who trust in their wealth that, when the Lord Jesus returns, gold and silver are worthless (James 5:1-5). Proverbs 11:4 gives the same message: “Riches do not profit in the day of wrath, but righteousness delivers from death.” (See: [When is money useless?](#))

The IMF and Alternatives to Gold

In February 2011, the International Monetary Fund issued a report on a possible replacement for the US dollar as the world’s reserve currency. The IMF said Special Drawing Rights (SDRs) could help stabilize the global financial system. The SDRs would be based on a basket of international currencies (Euro, Japanese yen, U.K. pound sterling, U.S. dollar), which in turn would be supported by the strength of their economies. But questions arise:

1. How stable are their governments?
2. How reliable are their economies?
3. How secure is the mutual understanding among these countries?

International conflict among super-powers could easily disrupt the confidence in SDRs.



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Which “G” to Trust? Government, Gold, or God?



A fiat currency generally loses value if the issuing government fails to underwrite its worth, either with taxation or real assets, like gold or oil. Marc Faber, editor-publisher of *The Gloom, Boom & Doom Report*, said it well: “Not to trust in gold is to trust in governments.” Some governments are more trustworthy than others, but when they ignore God’s principles of the marketplace, they may be obeyed, but cannot be trusted. “Put not your trust in princes!” All human governments are more or less untrustworthy.

Good Government

Good government recognizes the sovereignty of God and bases its financial system on divine principles. It’s interesting to see where God and gold overlap when it comes to national currencies. Historically, many countries based their currencies on gold, usually using gold itself as the tool for long-term savings while silver was currency for everyday commerce. America was different. Here’s what I noticed about America.

European Tour

After I finished my business degree at York University, I toured Europe and North Africa for over three months. In 1978, Europe was cheap, ideal for a poor student. I visited thirteen countries and really enjoyed seeing the sites, appreciating history, tasting fantastic foods (except calamari), meeting many new people, and learning foreign languages. Magnificent memories! One of my habits was to keep at least one coin from every country I visited.

The USA... In God We Trust(ed)?



When I returned to Toronto, before starting work with a large oil company, I noticed something unique to American coinage. They were the only ones with the inscription “In God We Trust.” Amazing. It was also the most prosperous of all the nations I



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visited. America was once a God-fearing nation, where the Bible was read and respected, but by the late '70s Bible reading and prayer were banned from schools. In the 20th century, America was a global power, on its way to becoming the sole superpower. Honestly, I was impressed by the practical benefits of Christian faith to guide a nation. I admired America's wealth, stemming from its trust in and obedience to God. But by the '70s America's faith in God and its financial strength were eroding. The faith went first.

The Bretton Woods Accord

Let's review a little history. In July 1944, with WW II still raging, 730 delegates from all 44 Allied nations met in Bretton Woods, New Hampshire. They set up a system of rules, institutions, and procedures to regulate the international monetary system, pegging the value of gold at \$35 US per ounce. In 1968 the fixed price of \$35 US ounce was abandoned. In 1971 the United States unilaterally terminated the convertibility of the US dollar into gold, and the dollar became a full fiat currency, backed by nothing but a federal decree. The US had gone on record financially as trusting in God, but by the 1970s America trusted neither God nor gold.

Not a Christian Nation

In October 2008, then-President Obama stated publicly that the USA is not a Christian nation. Should the inscription say "In God We Trusted"—past tense? Should it be dropped entirely? Or should the US return to the gold standard? How about inserting an "L" so the inscription reads, "In Gold We Trust?" No way. First of all, the USA does not have nearly enough gold, even in Fort Knox, to cover its paper currency. It used to be counterfeit to print money illegally, but after the 2008 stock market credit crash, the government effectively "printed" trillions of dollars in the attempt to improve liquidity and re-stimulate the economy, by first lowering interest rates and then engaging in Quantitative Easing I, II and III.

What to Trust?



America's founding ideal was and is correct. Trust God not gold. Misplaced or idle trust will ruin a person, a corporation, and even the greatest country in the world. America got into this problem with a series of foolish financial policies, and it can get out of this mess with reverse policies: Namely reinstating Biblical truths into the culture. How? A good first step would be to reintroduce Bible reading and the Lord's Prayer in schools. No commentary—just read The Book. Let its Author do the speaking. It's absolutely essential to



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rediscover North America's Christian heritage. As a Canadian, I am glad we once had Steven Harper as our Prime Minister, who ended his speeches with the words, "God bless Canada." God's blessing is better, much better, than gold's blessing.

OUR CREATOR, REDEEMER, AND FRIEND

Jesus used coins made of gold and silver to satisfy public obligations (Matthew 17:25-27). He also commanded, while holding a Roman coin, that we should give to Caesar what is Caesar's, and to God what is God's (Matthew 22:15-22). His point: Money has valid uses, but they are limited.

One great argument against a "gold-less" fiat currency comes from the book of Daniel. We read about a coming kingdom, cut out of the mountain *without hands*, which will crush all other kingdoms (Daniel 2:45 NASB). Unlike factories, research labs, and office towers, gold is made *without hands*. Gold cannot be manufactured like paper or plastic, so I believe it's the best standard for a currency. The former chairman of the US Federal Reserve, Alan Greenspan, best explained the importance of the gold 1966, when he said, "In the absence of the gold standard, there is no way to protect savings from confiscation through inflation. There is no safe store of value."

Any study of Jesus' life shows that He was not impressed by money of any kind. The currency of the current global administrations (including the USA and the IMF), whether backed by gold or SDRs, are merely transient treasures. Jesus advises His followers to secure permanent treasures in heaven that are not susceptible to market and currency fluctuations. Such wealth is inflation-proof and protected against all thievery (Matthew 6:19-21).

APPLICATION

- Memorize the text in your favourite Bible translation and think about it often.
- Make sure you have some gold in your investments.
- Don't trust fiat currencies. Invest in real assets, not just paper or plastic.
- Make your most significant investment safer than gold, silver, and all other transient treasures. Read [Treasure Principle](#) by Randy Alcorn.

Which of these steps, if any, does Jesus want you to take now? Ask Him.



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KEY WORDS

capital, business, greed, investments, famine, silver, bf saving

ILLUSTRATION

Who is Prudent Pauline?



Prudent Pauline is a planner. She looks before she leaps, she thinks before she speaks. Her favourite mottos are: “Haste makes waste,” “brains over brawn,” and “don’t jump to conclusions.”

When Pauline first heard that famous maxim: “The journey of a thousand miles begins with the first step,” she said NO! It begins with a good map. The map must be studied and the best route plotted. Consider road conditions, terrain, rest stops, refuelling, hostile territory, expected weather, travelling companions, clothing, supplies, and many more factors, including (if necessary) a guide.

She has studied the wisdom of Solomon and even helped teach him a thing or two. Solomon wrote these words about 3,000 years ago in honour of Prudent Pauline. “Whatever your hand finds to do (no matter what you are doing) do it with all your might (give it your full ability and energy) for there is no activity or planning or wisdom after you die—it will be too late.” Pauline says, “First comes wisdom, then comes planning (her favourite activity), and then comes activity.”

Pauline makes the time to do tax planning. She does a work plan every day. She uses a day timer or planner to assign priorities to her activities. She and Diligent Daniel are an incredible



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pair. Pauline does all her homework before she starts an activity.

