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Gleanings

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Is Greed Good?

In the movie *Wall Street*, Michael Douglas played corporate raider Gordon Gekko, who made the famous statement: "Greed is good." The backdrop for this statement was the annual shareholder meeting of the fictitious company, Teldar Paper. Gekko was very unhappy with the performance of the company and used this venue to vent his frustration with the management and board.

Many agree with and even admire Gekko's philosophy of business, because his definition of success was very simple. Success was denominated in terms of money.

According to Dictionary.com, the definition of *greed* is "excessive or rapacious desire, especially for wealth or possessions." This suggests that a person who is passionately consumed with making money is greedy, which aptly describes Gekko.

Though the movie *Wall Street* was made twenty years ago, the reality of greed is still with us. One testimony of this is the recent meltdown of the corporate bond market.

To stimulate the financial markets after the shock of the terrorist attack on the United States in September 2001, the Federal Reserve began a series of interest rate reductions. This stimulated the bond market as the cost to borrow money dropped. At the same time, the mortgage industry sold adjustable rate mortgages (ARMs), which were packaged into bonds to sell to eager investors.

ARMs are mortgages that begin with below market rates for the first few years, after which the rates are adjusted to the market. When this adjustment occurs, the mortgage payment can increase dramatically.

The presupposition behind the ARMs was that by the time the interest rate adjustment occurred, the mortgages would be either refinanced or the homeowners would be able to make the increased payments. In many cases, neither of these became a reality. As a result, many homeowners were burdened with higher mortgage payments than they could afford, which caused the default rate to dramatically increase.

Compounding this problem was the credit worthiness of many of the homeowners. A person's credit worthiness is a measure of that person's ability

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and willingness to pay his or her obligations. Lenders were lenient in their lending criteria and therefore made loans to many people whose credit worthiness was suspect. Hence, there were many borrowers who lacked the trustworthiness to maintain a mortgage in good standing.

Because of the escalating default rate by borrowers in recent months, bond investors have been hit with losses, which caused them to lose interest in investing in the bond market in general. Since the bond market provides credit for companies as well as a secondary market for mortgages, the cost of corporate borrowing increased. The increased cost of borrowed capital is now serving as a brake to slow down the economy.

So what is the root issue of this current predicament? May I suggest that the root issue is greed? There was greed on the part of borrowers who sought to use the ARMs as an opportunity to buy more house than they could afford. There was greed on the part of the loan originators who possessed an insatiable appetite for more business. And the bond investors were so greedy to buy bonds that they overlooked the lax lending criteria of the loan originators and failed to consider the presuppositions behind the ARMs.

Greed is the worship of money, which we explicitly are told is inconsistent with the worship of God. Note the words of Jesus in Matthew 6:24:

"No one can serve two masters. Either he will hate the one and love the other, or he will be devoted to the one and despise the other. You cannot serve both God and Money." (NIV)

If God is the source of provision, then a person's provision is an indicator of the standard of living that God has ordained for that person. When a person stretches financially to buy a home that he or she cannot really afford, that person is denying God as his or her Provider and is bending the knee to the worship of money.

The worship of money is idolatry, which will be judged. Note what the psalmist said in Psalms 97:7:

All who worship images are put to shame. (NIV)

One version of an image is a house that you cannot afford. If God has not called you to live in the home that you are in as evidenced by His provision and leading hand, then to try to make it happen by using financial gimmicks, such as ARMs, is idolatry—the worship of money.

The judgment of God for the worship of money is clear. Many of those greedy for homes beyond their means will lose their homes. Many of those greedy for profit in the mortgage industry will go out of business. Many of those investors who were greedy for profits will suffer loss. And the bond market as a whole will suffer a loss of credibility making the cost of borrowing more expensive, which will slow the economy and cause many people to lose their jobs. Greed extracts a high price.

So in the end Gordon Gekko's philosophy that greed is good is shown to be in error. Greed is a cruel taskmaster. It may look like the way to riches, but in the end it is the way to judgment.

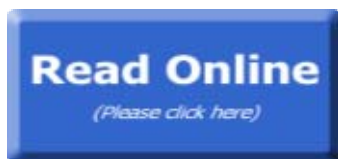
And one last point, the adjective 'good' is a divine attribute (see Mark 10:18).

We humans use the term 'good' rather loosely to describe virtually anything that we like. If we like our lunch we say it is good. If we like a book, we say it is good. If we like the weather, we say it is good. But the true meaning of good is that which is aligned with the nature of God. So the most important reason why greed is not good is that it is not aligned with the nature of God.

Jesus said, "*go and make disciples*" (Mathew 18:19)

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Tim Chapman, Executive Director of FCCM* wrote an article using the C4 principle to describe discipleship.



*Fellowship of Connected Churches and Ministries

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Pepper was a disappointed baseball player who was never good enough to make the big league. From baseball he went into business. Soon he discovered that he was a good salesman. However, he had difficulty finding good products to sell and good companies to sell for. He found a line of cookware that he loved, but the company, a direct sales organization, was greedy and mistreated its salespeople.

Frustrated again, Pepper was looking for an opportunity. During lunch one afternoon, the Lord spoke to him about a business idea. Using this inspiration and biblical principles, Pepper built one of the great organizations of our day.

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Cost: \$35 per person (includes a fabulous lunch, great fellowship, networking, and an inspiring story)



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Beyond Babel

An Understanding of the Timeless Universal Principles Required to Build Excellent Organizations

by Gerald R. Chester, Ph.D.

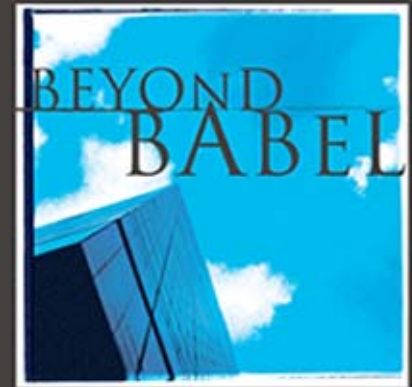
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from the Foreword to **Beyond Babel**



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GERALD R. CHESTER, Ph.D.

FOREWORD BY DENNIS PEACOCKE