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# Gleanings



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## Lessons from the Economic Calamity

From early March to mid-April, the stock market rallied over 20 percent. This despite record foreclosures (1), continued high (but apparently stabilizing) unemployment (2), the federal budget deficit for 2009 on track for a record of nearly \$2T (3), GM on the verge of filing for bankruptcy protection (4), and the only consistently profitable airline (Southwest) reporting a first-quarter loss (5).

It is well known that the stock market is a leading economic indicator. For months, pundits have been expecting the market to signal a recovery. Many believe that the current rally is simply a head fake and that the economy is still months away from recovering (6). Others believe that the current stock market rally and the stabilization of new claims for unemployment compensation are signaling the end of the recession (7).

Whatever the situation, we want to be sure to learn the lessons from this experience. As with any crisis, the natural human instinct is to get past it and forget it as quickly as possible. Getting back to life as usual does not really help us grow. We must vigilantly guard against this temptation and seek to learn from this economic crisis. Education is never free—it always costs. We have all paid a big price; let's learn from this experience. Otherwise we will be doomed to repeat the past.

What are some of the key lessons we can learn from this experience?

- *Sin has negative economic consequences.* Throughout this crisis there seems to be a consistent agreement by all parties that greed is the primary sin—though no one wants to call it sin—that led to the recession. Greed is the unbridled pursuit of money, including compromising ethical values such as truth, trust, and honesty. Scripture characterizes greed as idolatry (8). And God's response to idolatry is judgment. Remember what happened to the ancient nation of Israel when they turned from God to worship idols (9). Just as Israel was judged for their idolatry, so it is today; sin has negative economic consequences and obedience has positive economic consequences (10). This reality remains unchanged. As with all of God's truth, it transcends geography, culture, and time.
- *Building an economy based on debt will not produce lasting blessings.* Scripture notes that the borrower is servant to the lender (11). Hence, debt is inherently slavery. Furthermore debt is presumption—the assumption that the borrower will have the ability to repay the debt. For most of us, our presumption is that we will be able to generate the cash flow to service our debt. Given the unpredictable but certain storms of life, debt must be used very prudently. Building an economy on debt, as I wrote in last month's *Gleanings* (12), will not produce lasting blessings. The only way to enjoy lasting economic blessing is through biblical economics.
- *Easy credit is a major setup for economic crisis.* Loose lending practices (by greedy people) were the financial mechanisms that ultimately led to the current financial disaster. These practices first came to light in the residential mortgage industry. Now the loose lending practices in commercial real estate and the credit card industry are showing signs of strain. The government's solution is increased



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regulatory oversight (aka "sin management" (13)), which, in the end, will not work. The only strategy that will contribute to long-term economic stability will be based on people who embrace a biblical worldview and its related virtues. Real economic prosperity is not built on loose credit but on profit that comes from righteous living (14). Only people who are committed to living in alignment with a biblical worldview will successfully build and lead wise financial institutions.

• *Thinly capitalized businesses are significantly at risk during economic storms.* Sound business models will be prepared for economic down cycles. For many businesses this will require reserves in the bank much larger than normal. Common thinking of those living out of a Keynesian economic model is to use debt for working capital. This works only when the economy is doing well, but when an economic storm comes, business slows and lending dries up and Keynesian economics fails. Therefore businesses must be properly capitalized to weather the economic cycles. Sadly, many businesses are grossly undercapitalized and fall victim to economic storms. It is wisdom to live biblically by having reserves to weather economic storms without depending on debt.

Let us be wise and learn well from this economic calamity. Scripture teaches that a wise man gives thought to his ways (15). He or she doesn't get caught up with fads and non-biblical thinking. Every experience becomes a learning venue for wise people.

We must have the Creator's perspective in order to properly understand the experiences of life; hence, a biblical worldview is the only correct filter. God's perspective is the requisite agent to enable us to wisely glean the lessons of life. Think deeply about the current economic calamity—using a biblical worldview—and you will learn the lessons that God wants you to learn.

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1. <http://online.wsj.com/article/SB123979197193420547.html>.
  2. <http://blogs.wsj.com/economics/2009/04/16/jobless-claims-suggest-end-could-be-near/>.
  3. <http://blogs.wsj.com/economics/2009/04/10/us-budget-deficit-for-2009-nears-1-trillion/>.
  4. <http://online.wsj.com/article/SB123997956844329343.html?mod=crnews>.
  5. <http://blogs.wsj.com/middleseat/2009/04/17/what-to-make-of-airlines-earnings-reports/?mod=crnews>.
  6. <http://online.wsj.com/article/SB123994078455228525.html>.
  7. <http://blogs.wsj.com/economics/2009/04/16/jobless-claims-suggest-end-could-be-near/>.
  8. Ephesians 5:5 and Colossians 3:5.
  9. Deuteronomy 28.
  10. Ibid.
  11. Proverbs 22:7.
  12. <http://strategieswork.us/publications/gleanings/2009/2009-04.htm>.
  13. <http://strategieswork.us/publications/gleanings/2008/2008-10.htm>.
  14. Proverbs 11:18.
  15. Proverbs 14:8, 15.

## Learn a Biblical Worldview of Life and Work

### Upcoming Training Venues

Need	Solution	Information (click on date)
Discover Your Life Purpose	<a href="#">Webinar</a> : Strategic Life Alignment	March 31 - May 12, 2009
	<a href="#">Seminar</a> : Strategic Life Alignment	July 17 and 18, 2009 in Texas
<b>More Help to Discover Your Life Purpose</b>	<a href="#">Seminar</a> : Strategic Life Alignment Alumni Event	June 26, 2009 in Texas
	<a href="#">Webinar</a> : Strategic Life Alignment Alumni Event	3rd Quarter 2009
Fulfill Your Life Purpose	<a href="#">Webinar</a> : Beyond Babel Model Overview	May 2009