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# Gleanings

## Investing in China



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Over the past two decades, manufacturing of all types of products has migrated to China creating an economic boom in Asia while most of the world languishes in economic doldrums. The Chinese government is fully behind the economic acceleration. China's GDP is growing at nearly 10 percent annually. Cities such as Beijing are, in many ways, now on par with other modern cities. Pundits project that China will lead the world economically in a few years. Therefore financial prognosticators view China as the place to invest. But would this be wise? And if so, what is the basis for making wise investments in China?

Investing is fundamentally about theology, trust, and trends. Let's consider what this means.

First, one must invest based on sound theology. Whatever you believe about God will drive your investment philosophy. For example, if you believe that God created the universe, then it is both logical and biblical to assume that He is in charge of His universe. Sound investing must then be rooted in discerning what God wishes to bless. If you believe that the Bible is the best revelation about what God will bless, then the Bible is our first discussion point. What does the Bible say about economic blessings?

A major portion of the Bible is devoted to the history of the nation of Israel. The apostle Paul told us to glean lessons from the Israelites (1 Corinthians 10:6). One of the clear lessons from their history is that obedience to God leads to economic blessings and disobedience leads to economic calamity (Deuteronomy 28). Therefore wise investments will be characterized by alignment with the values, principles, and practices found in and sanctioned by the Bible.

Second, trust is essential for any investment. The act of investing is entrusting resources to someone assuming that they will properly use the resources to gain a licit profit. Given the biblical doctrine of depravity, the entrusted person or persons must demonstrate sound character. This is a foundational prerequisite for investing. If they don't have good biblical character, then the temptation to misuse the entrusted funds will probably be too great. Remember that good character is not innate but developed.

And third, wise investments are sensitive to trends. Trends have to do with technologies, ideas, and opportunities. Investments worthy of consideration must be sensitive to trends. For example, when automobiles were first introduced more than one hundred years ago, investing in horse drawn carriages would not have been wise, even though historically such investments may have been profitable.

Now let's apply this trilogy of theology, trust, and trends to investing in China.

First, consider the theology operative in China. China is officially atheistic. Historically it has been theistic, but not biblically theistic. Chinese theism has been a mixture of various man-made views of God. So in addition to atheism, there remains in China a remnant of theistic thought, but it appears there is little biblical thinking linked with it. Although Christianity is growing rapidly in China, it is still nascent in its development. This means that generally the understanding of how to obey the Lord—from a biblical worldview—is embryonic.

Second, trust is earned by living consistently with sound values and principles. Because of the nascent state of Christianity in China, discipleship is not strong. Many professing Christians lack the understanding of—and accountability to—biblical values and principles. So even well-meaning professing Christians may not be trustworthy enough to merit investment resources.

And third, notwithstanding the recent economic success of the Chinese, trends are clearly moving against China. Cheap labor and artificially low currency exchange rates have been keys to Chinese success during the past two decades. These factors have enabled China to be the low-cost producer of most goods and therefore a net exporter. There is increasing pressure by the global community on the Chinese government to change their currency policy and allow Chinese currency to be subject to free market forces. Furthermore, one could argue that the Chinese elite have used cheap labor for personal gain. Hence, there is a growing restlessness among Chinese workers regarding poor working conditions and low compensation. Over time, the cost of labor will increase and the currency exchange rate will be addressed, which will increase the cost of manufacturing in China, causing the Chinese to lose some of their competitive advantage.

If the above analysis is correct, the trilogy of theology, trust, and trends suggests investing in China may not be

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wise. But if you are still not persuaded, consider the following.

China's financial success today is somewhat of a ruse. About a decade ago, the Chinese government recognized that one of the keys to the United States' financial success was Christian values and principles (*Gleanings* April 2007). Consequently, the Chinese embrace the values and principles of Christianity. The Chinese are fundamentally atheists, however, and cannot fully embrace Christianity. Instead they have adopted a principle that I call "financial dualism"—they embrace Christian values but not Christ.

Financial dualism can only go so far. The biblical principle of common grace states that alignment with God's principles, even by those who reject Christ, will bring some blessings. But to enjoy the fullness of divine blessings requires embracing Christ. The Chinese experiment with financial dualism is financially self-limiting. The question is how far Chinese financial dualism can go based on common grace alone.

Biblically, I have been unable to discern the limit of financial dualism, but it seems clear to me that it is limited. Even when people who are in a state of rebellion against God (i.e., people have not accepted Christ) practice biblical principles such as servant leadership and the Golden Rule, they will enjoy a measure of blessings. But in the end, people in rebellion against God will be judged (Psalms 1), the only question is when. Therefore investing in China may work short-term, but long-term it will fail unless the Chinese repent and turn to Christ.

If you do feel led to invest in China, consider the merchant banking model (*Gleanings* March 2009) as a tool to help you make wise investment. The key to merchant banking is to invest in committed disciples of Jesus Christ who are doing what they are called to do according to biblical values and principles. That is, they are doing God's will according to God's ways.

Someone worthy to invest in should be:

- working in their true passion;
- developing great character;
- committed to learning and developing their skills; and
- submitted to advisors and commissioning agents.

You may recognize these four traits as the elements of the C4 principle, and they are. People who truly have C4 will have sound theology, will be trustworthy, and will recognize the trends.

These are the people who are worthy to be entrusted with investment capital. Their alignment with God is not limited to the boundaries of common grace—the limitation of financial dualism. They are intentionally seeking the Lord to discern His will for their lives and are committed to living according to His ways.

If you feel led to invest in China, don't follow the masses who fail to understand the trilogy of theology, trust, and trends as the core philosophy of sound investing. Be a wise investor; use a biblical approach to investing. Look for C4 people who are called to be business owners and invest in them. In doing so, you will be a good steward and reap a good reward.

Happy New Year!

## Training for Work and Life from a Biblical Worldview

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Inspiration for Life and Work	<a href="#">Lunch Event:</a> Executive Forum	January 20, 2011
	<a href="#">Webinar:</a> Seven Levels of Faith	January 31, 2011
Finding Your Purpose in Life	<a href="#">Seminar:</a> Strategic Life Alignment	February 2011
More Help Finding Your Purpose in Life	<a href="#">Seminar:</a> Strategic Life Alignment Alumni Event	July 2011
Biblical Principles in the Workplace	<a href="#">Seminar:</a> Biblical Principles of Selling	April 2011
	<a href="#">Webinar:</a> Biblical Principles of Selling	June 2011
	<a href="#">Webinar:</a> Financial Management II	March – May 2011