A Biblical View on Inflation

For some time, we have been told that inflation is either insignificant or that it is transitory. But even now, most economists and government leaders will acknowledge that inflation is here to stay for the foreseeable future. How should we think about inflation from a biblical perspective? What lessons can we learn from the past? How can we prepare for the future?

History of Inflation

Most countries and empires have had to address the problem of inflation. This includes the nation of Israel. God (speaking through the prophet Isaiah) pronounced judgment on the land because the country that once was full of justice had debased the currency and its products. "Your silver has become dross, your best wine mixed with water" (Isaiah 1:22). People were cheating each other by adding cheaper metals to their silver and by adding water to their wine.

When people do this, it is called counterfeiting and is severely punished. It was punishable by the death penalty in the Roman Empire. Even today, counterfeiting in China warrants life imprisonment. Unfortunately, when governments debase the currency, it is merely called monetary policy and justified to keep the government functioning.

Governments insist on honest weights and measures, but usually exempt themselves from that requirement. Micah 6:11 asks, "Shall I acquit the man with wicked scales and with a bag of deceitful weights?" A government will prosecute someone who has dishonest weights and measures but allow its own government leaders and central bank to debase their currency.

In previous centuries, kings and citizens engaged in coin-clipping. This form of inflation was more visible. Today,

paying back investors and citizens with devalued dollars is less visible and more insidious.

In a statement by someone regarded as one of the most important economists of the twentieth century, British economist John Maynard Keynes noted how inflation affects a nation and its citizens. He said: “By a continuing process of inflation, governments can confiscate, secretly and unobserved, an important part of the wealth of their citizens.”

He also added, “There is no subtler, no surer means of overturning the existing basis of society than to debauch the currency. The process engages all the hidden forces of economic law that come down on the side of destruction and does so in a manner that not one man in a million is able to diagnose.”

What is the impact of inflation? The impact is felt in higher prices. In fact, the classical definition of inflation is “a rise in the general level of prices of goods and services in an economy over a period of time.” If you want to calculate the impact of inflation on your family, you can use the mathematical “rule of 72.” Take the current inflation rate and divide it into seventy-two. That will give you the number of years at that rate of inflation it will take for prices to double.

Consumer Price Index

Most Americans are starting to realize that the current inflation rate

is different than the consumer price index (CPI). The government uses a different methodology from the past. Here are a few reasons why the CPI is not an accurate measure of inflation.

First, the government’s figures understate the inflation rate

because they exclude food and fuel costs from its rate of "core inflation." The argument is that food and fuel are too unstable to be included in the inflation rate. But those costs are the ones we consumers feel the most. In fact, most of us spend one-third of our budgets on food and energy costs.

Second, the government also substitutes less expensive products when prices rise. In the past, economists used a "fixed basket of goods" to calculate the consumer price index. In other words, if I buy the very same goods every year, how much does the price rise? Now the government assumes that people will switch brands or foods if the price goes up. For example, if the cost of steak goes up, the consumer price index replaces the cost of steak with hamburger.

Third, in averaging the price of different commodities, the government uses the geometric mean rather than an arithmetic mean. We don't need to get into the math. All you need to know is that technique also decreases the inflation rate.

Fortunately, various websites do provide a more accurate view of inflation. Some of them, for example, use the same basket of goods used in 1980 to estimate the current inflation rate. They conclude that the real inflation rate is more than twice the CPI estimate.

Why did the government change the way it calculates inflation? One reason is that government officials wanted to reduce the cost-of-living adjustments for government pay outs such as Social Security. A lower consumer price index reduces the amount the government must pay beneficiaries for a cost-of-living adjustment.

Chuck E. Cheese

One of my guests, in trying to explain the impact of inflation, compared it to the experience kids and parents had at Chuck E. Cheese. In the past, they would arrive at the arcade restaurant and purchase twenty dollars' worth of

tokens. The kids spent their tokens and won certain games. At the end of the adventure, the kids counted their tickets and took them to the toy counter to purchase a prize.

They were thrilled that they had 1,700 points in children's currency. They were excited to trade those tokens for some real treasures. The toy counter was stocked with iPods, stuffed animals, and all sorts of prizes they are ready to take home. But their excitement faded quickly when they realized that it took 500 points just to purchase a Blow Pop. It took even more to earn a Chinese handcuff. The prizes they really wanted required hundreds of thousands of points.

This is the reality of inflation. If you type in "how much purchasing power has the dollar lost" into a search engine, you will read that "the US dollar has lost more than 96 percent of its purchasing power since the creation of the Federal Reserve in 1913." That would mean that a one-dollar bill from 1913 would have less than four cents of purchasing power today. The federal government has a CPI Inflation Calculator that will give you an estimate of the amount your money has been devalued based on the government's CPI calculations.

Causes of Inflation

Government leaders have been arguing that the current inflation is merely due to the disruption of supply chains. While that is partially true, it ignores the bigger picture. After all, inflation has been taking place long before the pandemic, lockdowns, and supply chain problems.

Business leaders acknowledge that providing a supply of goods due to the supply chain bottleneck has resulted in increased prices. Demand exceeds supply. Also, there are higher costs for employees and higher freight costs. Limited supplies of lumber and copper, for example, raised those costs.

But the bigger issue is the fact that the federal government

and the Federal Reserve have been printing more dollars. In the past, other governments (e.g., China, Japan, etc.) would buy our treasuries. They have ceased buying those financial instruments, perhaps because they believe that this country is on an unsustainable trajectory with its high consumption, low-savings economy. This is easy to see on the graphs provided by the Federal Reserve. The M2 money stock has been increasing for many years. You will also notice that the amount of money printed shoots straight up in 2020. On some charts, you may notice something else. The weekly chart is discontinued and only updated monthly. That might give you some idea of what may be coming.

Is inflation good for you and the economy? That is what some pundits and politicians are telling us. Type in words like "inflation is good for you" or "inflation is good for the economy" and you will see the latest attempt to make us feel good about inflation.

On the one hand, inflation is good for the federal government awash in national debt. It is probably good for people in debt. You can pay back debts with devalued dollars. But inflation also allows the federal government to continue to expand without having to live within its means. State governments must live within their means and balance their state budgets. Families are supposed to live within their means, though many take on significant debt. Our previous books, *A Biblical Point of View on Debt* and *A Biblical Point of View on Money* are relevant to these concerns.

On the other hand, inflation is devastating for most people in society. Rich people can invest in appreciating assets (growth stocks, real estate, etc.) while people in the middle class or lower class are hurt by rising prices in food and energy (a significant portion of their monthly expenses). Most Americans are hurt because wages never rise as fast as inflation. Ultimately, inflation makes income inequality even worse.

Biblical View on Money and Inflation

Debt is one of the reasons for the increasing money supply that is causing inflation. The Bible has quite a bit to say about money, and a significant part of these financial warnings concern debt. Proverbs 22:7 says: “The rich rule over the poor, and the borrower is a servant to the lender.” When you borrow money and put yourself in debt, you put yourself in a situation where the lender has significant influence over you. The government is spending more than it is bringing in through revenue. The national debt is increasing every day.

The Bible also teaches that it is wrong to borrow and not repay. Psalm 37:21 says: “The wicked borrows and does not pay back, but the righteous is gracious and gives.” The printing of more money has no end in sight. The federal government has been borrowing money from US citizens, foreign governments, and the Federal Reserve. Will we ever repay our debt? Even if we do so, it will be with devalued dollars.

The Bible teaches that individuals (and governments) should have honest weights and measures. Deuteronomy 25:13 says, “You shall not have in your bag two kinds of weights, a large and a small” Proverbs 20:10 warns that “Unequal weights and unequal measures are both alike an abomination to the Lord.” Ezekiel 45:10 says, “You shall have just balances, a just ephah, and a just bath.”

How should Christians respond to rising inflation? We should begin by paying our debts. We cannot honestly call for the government to live within its means if we won’t set the example and live within our means. We should, “Honor the Lord with your wealth and with the first fruits of all your harvest; then your barns will be filled with plenty, and your vats will overflow with new wine” (Proverbs 3:9-10).

We should also make wise investments. We should begin by diversifying. Solomon gives this investment advice: “Divide

your portion to seven, or even to eight, for you do not know what misfortune may occur on the earth" (Ecclesiastes 11:2). It makes sense to diversify your portfolio since no human being can accurately and consistently predict the future (James 4:13-15). By diversifying your investments, you minimize the risk to your entire portfolio.

We are heading for economic uncertainty. That is why we need to trust the Lord with our wealth (Proverbs 3:9) and be good stewards of the resources God has provided to us (1 Corinthians 4:2).

Additional Resources

Kerby Anderson, *A Biblical Point of View on Debt*, 2021

Kerby Anderson, *A Biblical Point of View on Money*, 2020

Kerby Anderson, *Christians and Economics*, Cambridge, OH: Christian Publishing House, 2016.

Bitcoin and Bible Group, chapter three: Inflation, *Thank God for Bitcoin*, Whispering Candle, 2020.

Can the Just Succeed?

Can the just succeed? Can people living by Biblical principles successfully compete in a capitalist economy without compromising? Should we even try? Steve Cable provides a biblical perspective.

Corrupting Cultural Climate

At the turn of the twenty-first century, America was hit with a tsunami of corporate corruption. Names like Enron, Tyco and WorldComm became synonymous with greed and failed corporate leadership. Today, even after Congress and the SEC have strengthened their oversight, high profile cases, such as backdated stock options at Apple, continue to plague us. We can't even take comfort in some past golden era of corporate ethics as we look back at a history filled with robber barons, ruthless company towns, and shady land deals.



In the light of this discouraging reality, we are asking the question, Can the just succeed? Can people living by Biblical principles successfully compete in a capitalist economy without compromising? Should we even try?

Let's begin our exploration of this question by considering the overall cultural climate surrounding our free market economic system. A number of recent studies indicate less than honest behavior, and downright dirty dealing are common throughout our culture.

Let's begin at the top. What type of standard is being set by our business leaders? One recent poll showed that less than twenty percent of Americans had confidence that CEOs would consistently make job-related decisions that were morally appropriate.{1} Is this skepticism well-founded? After all, most CEOs have worked their way to the top as a result of excellent performance in lower positions. Almost fifty percent of corporate executives in a recent Tulane University study were willing to commit fraud in role playing exercises.{2} What was particularly disturbing was that these same executives had affirmed their unwavering commitment to the highest ethical business standards.

Perhaps, we can rely on our workforce to apply their solid

middle class values to curb the effects of corrupt leadership. Sadly, a recent study found that forty-eight percent of workers admitted to acting illegally or unethically in the workplace during the previous year.{3} Over thirty percent of them said that their coworkers condone questionable ethics by showing respect for those who achieve success using them.{4} In other words, cheating is not only condoned, it is respected.

We all hope that the upcoming generation will improve upon the sins of the prior generations. Are they bringing a standard of personal values that will clean up the marketplace of the future? Or, are they following in their elders' footsteps? From 1969 to 1989, the number of students who let someone copy their work rose from fifty-eight to ninety-seven percent.{5} A recent survey published in *Education Week* found that three out of four students admitted to engaging in "serious cheating" within the previous year.{6}

People emulate the behavior they believe will make them successful. Perhaps, today's Christians should join Habakkuk as he questioned God: "Why do You look with favor on those who deal treacherously? Why are You silent when the wicked swallow up those more righteous than they?" (Hab. 1:13){7}

It appears that we will be dealing with a culture of dishonesty in the marketplace for the foreseeable future.

The Slippery Slope

Surprisingly, most Americans identify themselves as trustworthy. So, why are all of these good trustworthy people demonstrating by their behavior that they are not worthy of our trust?

Well, Paul gives us a lot of insight in his first letter to Timothy when he writes, "But those who want to get rich fall into temptation and a snare and many foolish and harmful

desires which plunge men into ruin and destruction. For the love of money is a root of all sorts of evil" (1 Tim. 6:9,10).

When we want to accumulate money for our own enjoyment beyond what we need to live, we are tempting ourselves to unethical behavior.

In his book *There is No Such Thing as Business Ethics*, John Maxwell identifies three primary reasons "good" people are led astray in business dealings.{8}

First, we do what is convenient. Many times doing the right thing is a lot more trouble than doing the convenient thing. Have you ever discovered that you were given too much change, but you didn't want to go to the trouble of returning to the store? Sometimes a convenient lie can help us avoid the consequences of a mistake.

Second, we do what we must to win. After all, everyone is doing it. I have to compromise my standards in order to compete. During my years in a very competitive industry, one of my co-workers often stated, "If you can't lie on a proposal, when can you lie?" In other words, promise whatever you need to get the job, and try to wiggle out of it later.

Third, we rationalize our unethical choices with relativism. We tell ourselves that our ultimate intentions are good. And, besides, if it is good for me, then it must be good. It is scary to think how easy this will be in a postmodern society where all truth is relative truth.

All three of these relate to putting our success ahead of our values. John Maxwell put it well when he said, "Ethics is about how we meet the challenge of doing the right thing when that will cost more than we want to pay."{9}

I would like to add a fourth reason I call the Sudden Slippery Slope. We are taught that as long as we can justify our actions by the rule book then they are OK. In order to get

ahead, we start to push the envelope of how we interpret the rules. One day we wake up to find that we have clearly gone beyond the boundary. We discover that we are on a slippery slope where the more we try to cover up or undo our actions the more we find ourselves breaking the rules. Enron is an excellent example of this effect.{10} No one at Enron started out with the objective to wipe out $50 billion in shareholder value overnight through unethical business practices, but a culture of pushing the ethical boundaries will inevitably result in a culture of corruption. Proverbs warns us that when we get in this mode, we have a hard time telling right from wrong: “But the path of the righteous is like the light of dawn, that shines brighter and brighter until the full day. The way of the wicked is like darkness; they do not know over what they stumble” (Prov. 4:18-19).

A Christian Perspective on Capitalism

Let’s consider a biblical perspective on capitalism.

People are rarely neutral when it comes to capitalism. Some people blame capitalism for the excesses of unethical behavior described earlier in this discussion. But capitalism as the primary cause of corruption is exonerated by comparisons with many communist and socialist economic systems. Historically, these systems have raised corruption and graft to the highest levels.

On the other hand, some commentators seem to equate capitalism with Christianity, implying that one of the tenets of Christianity is a capitalistic free market system. This premise does not hold up to scrutiny either as Christianity has flourished under a variety of economic systems.

Before we go any further, a simple definition of capitalism is needed. Capitalism is an economic system in which the means of production and distribution are privately or corporately

owned, and development is proportionate to the accumulation and reinvestment of profits gained in a free market.{11} In other words, private individuals own the resources and make decisions on how to use those resources based on an expectation of return. The genius of capitalism is that individuals or corporations who can provide valuable services better or more efficiently are rewarded with more resources. So, resources tend to be allocated to those who are most capable of using them to produce desired goods and services.

However, one can approach capitalism from either a secular or a faith perspective. In secular capitalism:

- the purpose for business is to return a profit,
- the standard of conduct is the rule of law, and
- the measure of success is accumulation of wealth.

Under a Christian view of capitalism:

- the purpose for business is to honor God,
- the standard of conduct is the Golden Rule, and
- the measure of success is the ability to bless others with the resources God has entrusted to us.

A secular capitalist is accountable only to himself and his shareholders. A Christian business person is accountable to God with a responsibility to all of the stakeholders in the business, including customers and employees.

Capitalism is not essentially Christian, but, as Max Weber pointed out in his classic book, *The Protestant Ethic and the Spirit of Capitalism,*{12} Christianity is good for capitalism in many ways including:

- An excellent work ethic motivated by Paul's admonition in Colossians to "work with sincerity of heart as unto the Lord." Our work results reflect on our Savior, so we are motivated to excellence.

- A willingness to put integrity above profits and to forego investing in businesses which degrade or take advantage of others. As Proverbs 28 says, “Better is the poor who walks in his integrity than he who is crooked though he be rich. . . . He who increases his wealth by interest and usury gathers it for him who is gracious to the poor” (vv. 6,8). Integrity reduces the “greed tax” which is all of the effort wasted on monitoring others to prevent theft.

- A long term perspective that is willing to forgo near term gratification for long term benefits such as investing in hospitals and schools.

Counter to the view of Michael Douglass’ character in the movie *Wall Street*, greed is not good. Greed is not what makes capitalism successful. Trusting resources to those who are productive and want to do something of significance is the key to long term economic success!

Called to the Marketplace

What is the role of Christians in the marketplace?

Over the centuries, Christians have had varying responses to the secular marketplace. Some, like the Amish, attempt to isolate themselves from the corrupting influence of the secular world. Others, like the Puritans, believed that excelling in the marketplace was a critical part of the Christian life as evidence of one’s election. In recent years the trend has been for Christians to segregate their spiritual church life from their secular work life. This attitude allows many to believe they can conform to the compromised values of our culture without impacting the spiritual aspects of their life. However, since God’s truth is the truth in all aspects of our lives, this attitude could not be truth.

What does the New Testament have to say on this subject? Out of twenty-two letters to churches, not one advised Christians

to quit working in or participating in the Roman economic system. None of these letters encouraged all Christians to leave their secular vocation and immediately leave for the mission field. The overall picture is that some people are given as gifts to the church, devoting their energies to equipping the church for ministry. But the majority of us are called to be ministers in our vocation (whether that vocation is as a business leader, a laborer or a stay-at-home mother). As Christians, we are called to be a redeeming influence in the place where non-Christians can be found, the marketplace.

As we enter the business world, we should be clear as to our purpose. I don't think that it is to prove our salvation by getting the most promotions. Four clear biblical purposes for Christians in the work place are:

1. To honor Christ through my attitude, performance and integrity (Col 3:22-25). In my career, whenever I was asked to state my career objectives, I would focus on Colossians 3 for my answer. I would tell them that since I was called to "work heartily as unto the Lord" and to serve with "sincerity of heart", my career objective is to fulfill the role that creates the most value for my employer. That statement was not only true, but was also warmly received by my supervisor.

2. To share Christ in my unique mission field. We interact with more non-Christians in the business world than just about any other venue (Col. 4:5-6).

3. To provide for the physical needs of your family (1 Tim. 5:8).

4. To be able to share with others who need help (2 Cor. 8:12-14).

Jesus summed it up for us when He said, "Let your light shine before men in such a way that they may see your good works, and glorify your Father who is in heaven" (Matt. 5:16).

Compelling Results

Let’s conclude by considering the characteristics of a just business and looking at some measures of success.

Whether for the individual or for a corporation, Christian behavior is going to be characterized by the Golden Rule taught by our Lord: “Treat others the way that you want them to treat you” (Luke 6:31). This means that we are not going to deceive, covet, or steal in our business dealings. We are going to treat others with respect and with grace. We are going to choose integrity over convenience or profit.

Since we all like to win, does the Golden Rule mean that I should always let my competitors win? Should I just turn over the market to them? I don’t know about you, but I absolutely hate it when someone lets me win. Everyone loses if we allow inferior or more costly products to claim the market because no one wants to compete with the status quo (think about the fall of the Soviet Union when you consider this topic). Competition promotes better products and greater productivity which creates more resources and opportunities even for your competitors. The problem arises not from having a competitive system, but from greed causing some to hoard wealth. So, a Christian business will compete aggressively but fairly. They will also realize not to compete by destroying the lives of employees through long hours, poor working conditions, or unfair wages.

Won’t a company or individual applying these principles put themselves at a disadvantage? After all, when swimming with sharks, a guppy will always get eaten. In his book *Profit at Any Cost,*{13} Jerry Fleming analyzed the results of corporations who appeared to place a premium on a high standard of ethical behavior. He discovered that these businesses typically induce others to behave ethically toward them. There is also a strong correlation between a firm’s commitment to ethics and a lower employee turnover. Typically,

a lower turnover rate results in greater productivity from experienced, content employees. At the bottom line, he found a significant positive correlation between a firm's ethical behavior and its economic performance. Companies promoting unethical practices pay a price in the long run (think Enron). An investment in ethically responsible firms has resulted in a return eight times better than the return on the Dow Jones Industrial Average over a period of thirty years.

What conclusions can we draw from our study of Christian principles in the workplace? Applying Christian principles to business is not:

• a magic shield against failure, or
• a way to always avoid criticism, or
• an assurance that your product will be the best on the market.

But, it is:

- a part of our calling to follow Christ,
- the best way to conduct business, and
- a consistent companion of long term success.

No matter the financial results, we are a success when we follow Christ's example in the work place.

Notes

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Generation and the Next (Free Press, 1996), quoted on Plagiarism.org, www.plagiarism.org/facts.html.
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10. For an in depth look at what happened at Enron see Kurt Eichenwald, *Conspiracy of Fools* (New York: Broadway Books, 2005).
11. The American Heritage Dictionary of the English Language, 4th ed., s.v. "capitalism."
12. Max Weber, *The Protestant Ethic and the Spirit of Capitalism*, 2nd rev. ed. (New York: HarperCollins Publishers Ltd; January 27, 1977).
13. Jerry Fleming, *Profit at Any Cost* (Grand Rapids: Baker Books, 2003).

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"Trusting God a Joke Since Wicked Prosper, Godly Suffer"

I write to you feeling perturbed about God. At times I really wonder the question of His existence.

I would appreciate if you could enlighten me in the area of trusting in God. I find it hard to trust Him nowadays. I trust in Him to provide financially, but instead I receive more financial problems. I see sinners who are ruthless and despicable earning tons of money, curse Him with the very breath He gave them. What a joke! His children suffered in

hunger and He dared to claim that He will not allowed the righteous to suffer hunger. Sometimes when I see how He blessed those rogues, I told myself where is His logic? Of course He hopes that by showing mercy, these crooks will repent, then how about His children who are suffering hunger? You mean God enjoys people cursing Him so that He could bless them? Then I think His children will begin to curse and swear at Him.

I poured my hope on Him in several areas of my life. He said that whoever called upon the name of the Lord shall not be put to shame. I trusted Him time and time again in some areas of my life such as my career, my family problems etc. But none of them came true for me. Instead my feeling right now that He is a cheat and I feel more ashamed trusting Him. What a joke!

I thought to myself, if He cannot even keep up His promise as Jehovah Jireh, our providence, that can meet our needs on earth, how can we trust Him for our salvation?

My pastor emphasized a lot on His grace and prosperity. I believe wholeheartedly but now I feel very cheated by such messages. I felt worse than Job, he suffered but at least God restored him eventually. I felt like a fool believing in a book that was claimed to be written by Him.

Jesus came to give us life so that we can have life more abundantly. Now instead of having life more abundantly, I guess it should be read as a bums life. A life that is cheap and useless comparable to the fate of a bum.

I winced when I read that your pastor emphasizes prosperity. If it’s the same kind of prosperity theology that some preach here in the U.S. that God wants to lavish good stuff on His kids, including health and lots of money and whatever our hearts desire then no wonder you are disillusioned with Him. We believe this is a false gospel and it leads believers to stumble because it teaches a lie about God.

God is concerned about His glory, and about us having a close, intimate relationship with Him (the second produces the first). Making us or keeping us comfortable usually doesn't result in God getting the glory or in a close, dependent relationship with Him, because it's so easy to cherish the gifts instead of the giver.

So, because of false teaching, it is quite possible that you had unrealistic expectations of a God who is not the same God of the scriptures a God who is holy, just, righteous, sovereign, and not at all committed to jumping through our hoops. And then you blame God for not being faithful or good, correct?

But because God IS good and because He loves us so much, He only acts in our best interests. If our prayers are for things that are not in our best interest, He will not grant our requests (or our demands). Which is why I think Philippians 4:6-7 is so incredibly important: God wants us to let our requests be made known to Him *with thanksgiving.* However He chooses to answer, when we give thanks, we are relinquishing our illusion of control and expressing our belief that He is sovereign and He knows what He's doing.

I learned this important (and now precious to me) lesson the hard way when He kept saying "no" to the huge prayer of my heart for physical healing. I invite you to read my story, How to Handle the Things You Hate But Can't Change.

Blessings,

Sue Bohlin

[Editor's Note: The inquirer shares the frustrations of the psalmists in seeing the rich and ruthless get off apparently scot-free, seemingly unnoticed by a God who promises justice and blessings. This quandary is nothing new, but it is significant that a sovereign God would allow it into the Scriptures it would make God look bad if there were no bigger,

truer picture as explained briefly above. See for reference: Psalm 73: 2-12.

Regarding the inquirer's reference to Psalm 37: 25-2 about the righteous never being forsaken or their children begging for bread, *Hard Sayings of the Bible*, by Walter C. Kaiser, Jr. and others, explains, "David must surely have seen good people in great difficulties! But this misses the psalmist's point. He did not question that the righteous may be temporarily forsaken, needy and poor. Rather, he observed that nowhere can it be shown that the righteous have experienced continued desertion and destitution…. The point is this: in the long haul, God does not forsake his own whether they have little or much; their children will be blessed! (pages 267-268)." *Hard Sayings of the Bible* also addresses the issues of why the godly so frequently suffer and the ungodly seem so prosperous related to Psalm 73. For another Probe perspective on how Psalm 73 helps us deal with the problem of evil, please see Dr. Ray Bohlin's article "Where Was God on September 11?"]

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Your Money, Your Life or Your Wine

Could offering a cup of human kindness save your life sometime? It helped protect guests from a menacing gunman at a recent Washington, DC, dinner gathering.

Comedian Jack Benny had a famous skit in which an armed robber pointed a gun at Benny, whose comedy often poked fun at his own miserly show business persona. In the routine, Benny told the robber to put the gun down. The robber persisted. "Your

money or your life!” demanded the crook, irritated by the delay. “I’m thinking it over,” deadpanned Benny.{1}

Quick thinking helped save the DC dinner guests.

Give me your money!

The Washington Post reports{2} that some friends had enjoyed steak and shrimp at a DC home and were sitting on the back patio sipping wine around midnight. A hooded gunman slipped in through an open gate and held a pistol to a fourteen-year-old girl’s head. “Give me your money, or I’ll start shooting,” demanded the intruder.

The guests—including the girls parents—froze. Then one adult—Cristina “Cha Cha” Rowan—had an idea.

“We were just finishing dinner,” Rowan said to the uninvited guest. “Why don’t you have a glass of wine with us?”

The robber sipped their French wine and said, “Damn, that’s good wine.”

Michael Rabdau, the girl’s father, offered the man the glass. Rowan offered the bottle. The man—with hood down, by this point—sipped more wine and sampled some Camembert cheese. Then he stowed the gun in his pocket and admitted, “I think I may have come to the wrong house. I’m sorry. Can I get a hug?”

Rowan hugged the man. Then Rabdau, his wife and the other two guests each hugged him. The man asked for a group hug; the five adults complied. He left with the wine glass. There were no injuries, no theft. The stunned guests entered the house and stared at each other silently. Police came. Investigators discovered the empty and unbroken wine glass on the ground in a nearby alley.

“I was definitely expecting there would be some kind of casualty,” Rabdau recalled, according to the *Post*. “He was

very aggressive at first; then it turned into a love fest. I don't know what it was."

"There was this degree of disbelief and terror at the same time," Rabdau observed. "Then it miraculously just changed. His whole emotional tone turned—like, we're one big happy family now. I thought: Was it the wine? Was it the cheese?" The entire encounter lasted about ten minutes. DC police chalked it up as strange but true.

Gentle Answers

An old Jewish proverb says, "A gentle answer turns away wrath, but a harsh word stirs up anger." {3} I suspect her friends are extremely grateful that Cha Cha Rowan had the presence of mind to offer a gentle reply to the intruder's demands.

Sometimes the psychological approach can deter disaster. Kindness and hospitality often can defuse tension and help open hearts and minds. Was the robber lonely? Feeling sad or rejected? Weary of his lifestyle? Hungry for acceptance and friendship? Rowan and her friends struck an emotional chord that resonated, apparently deeply.

Brute force and overwhelming arguments are common cultural responses to danger or opposition and, of course, theyre sometimes necessary. Most of us are glad Hitler was defeated and that legislators outlawed slavery. But could gentle answers improve any disputes—or families, marriages, workplaces, political relationships—that you've seen?

Notes

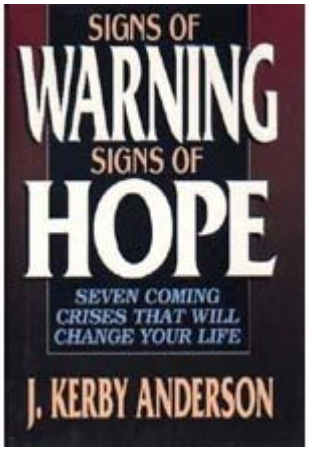
1. George Grow, "Funnyman Jack Benny Won Hearts Mainly by Making Fun of Himself," Voice of America News, 21 May 2005; at www.voanews.com/specialenglish/archive/2005-05/2005-05-21-voa1.cfm (accessed July 19, 2007).
2. Allison Klein, A Gate-Crasher's Change of Heart, Washington Post, July 13, 2007; B01; at http://tinyurl.com/2q9mjc

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3. Proverbs 15:1 NIV.

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Financial Security for the Future

Kerby Anderson looks at our financial future, especially of baby boomers, discussing savings, corporate pensions, Social Security and retirement.



What kind of financial security can you expect in the future? The answer to that question may depend on when you were born. The generation currently entering retirement will do much better as a group than the baby boom generation following it.

A major reason is demographics. The baby boom was preceded, and more importantly, succeeded by consecutive years of fewer births. Thirty-five percent more Americans were born during the baby boom than during the previous nineteen years. And 12 percent more were born than during the subsequent nineteen years. This nineteen-year blip in fertility has created more than just an oddity in social statistics. It has clouded the

financial future of baby boomers. The elderly are supported, especially during the waning years of their old age, by members of the younger generation. The baby boom was immediately followed by a baby bust, or what many commentators have labeled a “birth dearth.” This disproportionate ratio between baby boomers and baby busters raises questions about the boom generation’s future and suggests it will face an impending crisis of financial security.

Concern arises from both economic and demographic realities. The harsh economic reality in the 1990s is the federal deficit which mushroomed during the 1980s. Aggravating this economic situation are also such issues as trade deficits, increased taxes, higher oil prices, and an inevitable downturn in the economy.

A survey released by the International Association of Financial Planning found that “the long term psyche of the American public is depressed,” with significant majorities fearing a resurgence of high inflation and worrying about the chances for a deep recession. But the more important issue is not economics but how demographics affect economics. The sheer size of the boom generation has had a negative impact on its members. Paul Hewitt of the Retirement Policy Institute put it this way:

> The baby boom as a generation has been its own worst enemy. Whenever we wanted anything the price went up, and when we sold the price went down. So we got less for our labor and paid more for our houses. When we want to sell those houses the price will go down, and when we want medical care in old age, prices will go up.

Boomers in general, and leading-edge boomers in particular, find themselves part of what has become called “the triple-squeeze generation.” The more than 25 percent of Americans between the ages of 35 and 44 are finding their own retirement being squeezed out by the college costs of their children and

the long-term health care costs of their aging parents. Sixty-six percent of baby boomers surveyed by the International Association of Financial Planning said “providing long-term care fora parent would affect their ability to save for their children’s education” and would no doubt also affect their ability to save for their own retirement.

Commentators have also referred to these people as the “sandwich generation” because they are sandwiched between an older generation dependent upon them for elder care and a younger generation dependent upon them for housing and education. Surely this is one generation that needs to take a hard look at its financial future. The economic and demographic realities may seem dismal, but they will be much worse if we fail to apply biblical principles to our finances. The key to financial security for most Americans has been the three-legged stool of savings, pensions, and Social Security. Unfortunately, economic termites threaten the strength of that stool.

Savings

The first leg on the retirement stool is savings. The boomers are justly concerned about the savings (or more to the point, the lack of savings) they have put away so far for their retirement. A survey of leading-edge boomers found that six out of ten expressed great concern about being able to meet all of their financial responsibilities, and 62 percent fear that they will outlive their retirement savings.

But they aren’t the only ones concerned. A survey by the American Academy of Actuaries echoed boomers’ fears. Seventy-two percent of pension-fund actuaries polled predict that half the baby boom won’t have the wherewithal to retire at age 65.

How much have baby boomers saved so far? Well, not very much if a recent survey is any indication. When a group of 35- to 49-year- olds were asked if they could come up with three

thousand dollars in a few days without borrowing or using a credit card, 49 percent said they could and 49 percent said they couldn’t. Not surprisingly a smaller percentage (only 29 percent) of the 18- to 24-year-olds had the three thousand dollars.

The inability of so many boomers to come up with the sum of three thousand dollars illustrates two things. First, it shows how little (if anything) they have in savings or investments. Second, it demonstrates how much many of them are in debt. The first leg of the three-legged stool is in awful shape because, for many in the boom generation, savings are decreasing while debt is increasing. The reasons for boomer debt are fairly simple. First, the boomers had great expectations for themselves and were often willing to go deeply in debt in order to finance the lifestyle they had chosen for themselves. Second, they had the misfortune of entering the consumer world at the time when wages were stagnant and when most of the goods and services they craved were hit by inflation. This further fueled consumer borrowing, which became both a cause and a consequence of their downward mobility.

Between 1970 and 1983, the percentage of boomer families paying off consumer debt increased from two-thirds to three-fourths. Of families in debt in 1983, the average amount of debt was nearly five thousand dollars.

Families in debt usually are not saving. If they had any financial resources to save and invest, they would be wise to first retire their high interest consumer debt. In 1984, more than a third of all households headed by a person under thirty-five had no savings whatsoever on deposit with banks and other financial institutions, aside from non-interest-paying checking accounts.

The solution to this problem is simple: Get out of debt and put money into savings and retirement. Now while this may be easy to say, it is difficult for the current generation to do.

Baby boomers' expectations frequently exceed their income, and the changing economic and demographic realities place them in a precarious position. But if this generation wants to have a more secure financial future, it must take appropriate financial measures now.

Corporate Pensions

In the past, there used to be an unwritten agreement between a company and an individual. If you faithfully worked for the company, the company would take care of you in your retirement. But this tacit agreement has broken down for two reasons.

First, many of these companies lack the financial resources to take care of the baby boom generation. Consolidation of some companies and the bankruptcies of many others put pensions in jeopardy. Other companies heavily invested in speculative schemes by thrifts and junk bonds, and their portfolios rest on shaky ground. In other cases, the current financial resources seem adequate but have yet to be tested when the millions of baby boomers begin to retire. Second, many baby boomers have not spent enough time with any one company to earn a significant pension. It was not uncommon for the parents of baby boomers to have worked for a single company for more than twenty years. Baby boomers, on the other hand, change jobs if not career paths with unprecedented frequency.

This apparent restlessness is born from both choice and necessity. Boomers are much less likely to stay in a job that does not enhance personal development and self-expression. Unlike their fathers, who would often remain with a company "for the sake of the family," the boom generation is much more likely to move on.

Boomers also change jobs out of necessity. They find themselves competing with each other for fewer upper-management positions for a number of reasons. First, companies

have thinned their management ranks. Most of this restructuring was done in the 1980s to make companies more efficient. The rest was a natural result of buyouts, takeovers, and consolidation leaving fewer structural layers in upper management and fewer jobs.

Second, boomers crowded into middle-management ranks at the same time restructuring was taking place. The leading-edge boomers in their prime career years are finding themselves on career plateaus and becoming dissatisfied. Many wonder if they will ever make it to the corner office or the executive suite.

Third, there was a boom of business school graduates. The first boomers who graduated with MBAs were often ridiculed by classmates in other academic disciplines. But this initial condemnation gave way to active pursuit, and the number of business graduates quickly proliferated. As supply has outstripped demand, this ambitious group with heightened expectations finds itself frustrated and constantly looking for a job change.

All of these factors have put this generation in a precarious position. By and large, they are not saving and have inadequate pensions to give them a secure financial future. So many are trusting that Social Security will be there for them when they retire. But will it?

Social Security

The impending Social Security debacle is complex and the subject of whole books. But the basic issue can be illustrated by once again looking at the demographic impact of the boom generation.

When Social Security began in the mid 1930s, the ratio of workers to recipients was ten to one and life expectancy was two years below retirement age. The pay-as-you-go system could work with those kinds of numbers.

But two fundamental demographic changes threaten to send Social Security off a cliff. First is the “senior boom.” Advances in modern medicine have raised life expectancy by 28 years in just this century. Today the median age is already 32 and still climbing. Some demographers see the median age reaching as high as 50 years old. One has to wonder about the stability of Social Security in a country where half of the people qualify for membership in the American Association of Retired Persons.

The second demographic change is the ratio between the baby boom generation and the baby bust generation. The smaller generation following the boom generation will be called upon to support Social Security when boomers retire. The system will face incredible strains through the next few decades as the ratio of workers to Social Security beneficiaries continues to decline.

Both demographic changes are relevant. Americans are living longer, and ratios between generations are skewed. These two changes are certain to transform the current pay-as-you-go system into nothing more than an elaborate Ponzi scheme by the twenty-first century. The solutions to the Social Security crisis are few and all politically difficult to achieve. Either you have to change the supply of contributions or the demand of the recipients. Increasing the supply of contributors could be achieved by increasing the birth rate (unlikely, and probably too little too late) or allowing more immigration of workers who could contribute to Social Security. The only other way to increase the supply of contributions is to increase FICA payments. But there will have to be an upper limit on how much Americans can be taxed. If benefits stay at their current levels, workers in the year 2040 could find Social Security taking as much as 40 percent of their paychecks.

Decreasing demand would require trimming benefits. Current recipients benefit most from Social Security. A retiree on

Social Security today recovers everything he paid into the system in about four years. On the other hand, few boomers will ever get the amount of money they paid into the system. Some politicians have suggested trimming benefits to current recipients. Others suggest applying a means test to wealthy recipients or those who receive other pension income. Neither proposal has much likelihood of passage.

More likely, Congress will be forced to trim future benefits. Congress has already increased the age of retirement and may induce workers to stay on the job until age 70. Another solution would be to provide the biggest tax breaks for workers to fund their own retirement through IRAs or Keoghs.

Obviously the solutions are not popular, but the alternative is a collapse of the Social Security system in the next decade. If something isn't done, the demographic realities will destroy the system.

Retirement

Although this generation grew up assuming retirement would be the norm, the changing social and economic conditions we have discussed may force a rethinking of that basic assumption. After all, the idea of retirement historically is of recent origin.

When Social Security was first adopted in 1935, life expectancy was below 63, a full two years under the retirement age. Retirement was for the privileged few who lived long enough to enjoy the meager financial benefits from the system.

Even as late as the 1950s, the contemporary image we have today of retirement communities and the elderly sightseeing in recreational vehicles did not exist. Retirement still did not exist as an institution. Nearly half the men over age 65 were still in the workforce.

Polls taken during the 1950s and early 1960s showed that most

Americans desired to work for as long as they could and saw retirement merely for the disabled. Today, however, most Americans look forward to their retirement as a time to travel, pursue personal interests, and generally indulge themselves. Yet the demographic landscape suggests we might have to revise our current images of retirement.

As baby boomers slowly jog towards Golden Pond, they will likely be the largest generation of senior citizens in history, both in absolute size and in relative proportion to the younger generation. By the year 2000, the oldest boomers could be taking early retirement. The number of workers and dependents retired by 2025 could swell to as many as 58 million workers and dependents, more than double the current number of retirees.

These large numbers are certain to precipitate a “retirement crisis” for two reasons. First, people are living longer. We have raised the life expectancy by 28 years. During most of human history, only one in ten lived to the age of 65. Today eight out of every ten Americans zoom past their 65th birthday.

Second, the burden of providing retirement benefits will fall upon the younger, (and more to the point) smaller generation born after the baby boom. Never will so few be required to fund the retirement of so many. When Social Security was adopted in 1935, there were ten workers for every person over age 65. That ratio shrank to six to one in the 1970s.

Today there are about 3.4 working Americans to support each retiree. But by the time the last boomer hits retirement age in 2029, the ratio of workers to retirees will drop to less than two to one. Obviously, baby boomers face much greater uncertainty than their parents did when they entered into the years now seen as the time of retirement.

This next generation may even decide to reject the idea of

retirement, choosing instead to enrich themselves with meaningful work all of their lives. Yet such an idyllic vision could quickly be crushed by the harsh reality of failing health. Working until you are 70 or beyond may not be physiologically possible for all people.

No wonder a chorus of Cassandras is predicting financial disaster in the next century. But significant changes can be made now to avert or at least lessen a potential crisis in the future. Wise investment according to biblical principles now is absolutely necessary to prepare for this uncertain future. The future really depends on what this generation does in the 1990s to get ready for the Retirement Century.

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