

## EDITORIAL

A generation ago, Francis Schaeffer prophetically lamented that the West had lost its spiritual moorings in its pursuit of prosperity, personal peace, and affluence. Now, as Arthur Laffer, Stephen Moore, and Peter Tanous suggest in their recent book *The End of Prosperity*, it appears that this prosperity is fast slipping away, too (though, as will become clear later on, while I agree with their diagnosis, I believe their solution does not nearly go deep enough). In fact, the current economic crisis is global in scope, and the depth of the recession increasingly approaches the magnitude of the Great Depression. The major economic indicators paint an exceedingly dismal picture, as the following sampling of relevant information illustrates. Consider this disturbing set of data.

The unemployment rate in the US is currently 8.1 percent; it is projected to rise to 9.4 percent by 2011. The total number of unemployed Americans as of February 2009 is 12.5 million. Almost two million jobs were lost in the last three months alone (the highest number since 1945). Since the Obama inauguration, the stock market fell by 32 percent; the decline since October 2008 is 62 percent. The projected budget deficit for 2009 is \$1.752 trillion (12.3 percent of the GDP). By comparison, the deficit in 2007 was \$162 billion (1.2 percent of the GDP), and the *total federal spending* in 2000 was \$1.79 trillion! (i.e. in nine short years we went from what amounted to the *total spending per year* becoming equivalent to the *annual federal deficit*).

The recent federal government bailout for the US banking system totaled over \$700 billion; the price tag for the bailout for the auto industry stands currently at \$17.4 billion and is likely to rise to at least \$40 billion. In the fourth quarter of 2008, the GDP declined by 3.8 percent, the worst performance since the first quarter of 1982. According to the U.S. Census Bureau, the 2008 trade deficit with China amounted to over \$266 billion. Housing starts were down 15.5 percent in December 2008 compared to the same time the previous year and are at the lowest level since 1991, while foreclosures increased by 81 percent from 2007 to 2008. 2.3 million American homeowners face foreclosure, and 860,000 properties were repossessed in 2008 (more than double from 2007).

The rapid economic decline, in turn, coincides with the growing moral malaise in our culture. This includes the increasing fragmentation of the family, divorce and teenage pregnancy rates, and the number of abortions. While simplistic cause-and-effect relationships are to be eschewed, this economic and social data is hardly unrelated. In fact, the moral dimension of economics has rarely been clearer than in recent months. Reckless, irresponsible lending practices by financial institutions, corporate greed, especially by the executives of large corporations, and a mentality of mortgaging

the future of coming generations underscore that this economic crisis is at the center a spiritual and moral crisis of major proportions.

Will economic policy be the likely cure? This, of course, seems to be the conviction exuded by political operatives and other economic talking heads in the media. When in trouble, turn to the experts, and they will figure out and fix the problem. But how do we know that a given course of action will really take care of the issue and not merely be a stopgap measure? How do we know, for example, if increased government spending, or tax cuts, or a combination of measures to stimulate economic activity will turn the economy around? For some of us who are skeptical, Ronald Reagan's famous quip comes to mind: "Government's view of the economy could be summed up in a few short phrases: If it moves, tax it. If it keeps moving, regulate it. And if it stops moving, subsidize it." What is more, as Milton Friedman once remarked, and as recent efforts at the federal level to revive the economy seem to confirm, "The government solution to a problem is usually as bad as the problem."

On the whole, even though it is of course true that economic trends are cyclical in nature, it seems increasingly naïve to assume that mere economic solutions, no matter how ingenious (even those proposed by the authors of *The End of Prosperity!*) will reverse the course of our nation. In my opinion, at least, we ought not to overestimate the ability of specialists to remedy a problem whose root cause is ultimately beyond their grasp. However, the economic downturn has been good for at least one (albeit very minute) segment of our population: economists. On this point John Kenneth Galbraith had it exactly right: "Economics is extremely useful as a form of employment for economists." (One may be forgiven the thought that this is the *only* thing some economists are useful for.) In this increasingly dire situation, gallows' humor may be one of the few things still left to alleviate the situation.

In all seriousness, when all is said and done, my conclusion, as one whose first Ph.D. is in economics, is this. As with the social crisis in our society, only a return to the biblical foundations will prove to have a lasting positive impact (for a similar diagnosis with regard to marriage and the family, see my book *God, Marriage & Family: Rebuilding the Biblical Foundation*; see also the late Harold O. J. Brown's provocative volume *Sensate Culture*). On a larger societal scale, short of a spiritual revival this is unlikely to happen. On a personal level, biblical values ought to guide and undergird the way we live and the way we spend our money once again. With regard to the church's proclamation, the current crisis presents us with a golden opportunity for presenting the gospel. Do we trust in the economy or in the Lord Jesus Christ? Is our confidence in our 401(k)s or in the blessed hope of his return?

For those who built their houses on the shifting sands of the American economy, the gospel stands ready to help with an eternal message of good news: faith in Christ is recession-proof, and where profits fall, faith may rise. As Jesus stated, "If anyone would come after me, he must deny himself and take up his cross and follow me. For whoever wants to save his life will lose it, but whoever loses his life for me will find it. What good will it be for a

man if he gains the whole world, yet forfeits his soul? Or what can a man give in exchange for his soul? For the Son of Man is going to come in his Father's glory with his angels, and then he will reward each person according to what he has done" (Matt 16:24–28). For those with ears to hear, this is good news indeed.

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