

“The Silver Lining”

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Much has been said and written about the poor state of the economy. But before you stop reading, let me quickly say that I’m not about to report more bad news. We all know how bad it is. I do not want to minimize the impact this economy is having on real people, our friends and neighbors, and maybe even on you, but I am convinced that there is a silver lining to be found amongst all the bad news.

This may come as a surprise, since economics is often called “the dismal science” – because economists are notoriously pessimistic. Turn on any news program or read any newspaper and an economist can be heard talking about how bad times are and how they’re going to get worse. And we all know what happens when people are told that things are going to get worse. Everyone listens to this proclamation and decides they’d better stop spending money. So, it is a self-fulfilling prophecy in some ways. Again, I’m not denying the reality of our situation – but sometimes I think that if people on TV would stop talking about it, and if politicians would stop being so negative, then we’d start improving that much faster!

Tough economic times have kept me pretty busy talking to the press and speaking to civic clubs and chambers of commerce. I’ve been quoted in newspapers and on TV more lately than in the previous twelve years of my career combined! But I resist the temptation to add to the doom and gloom and I try to be optimistic, yet realistic. Maybe I’m just being positive because I’m afraid our country might start doing what the Baltic nation of Latvia recently did. They actually threw an economist in jail to keep him off of television because he was so negative! No, I really do think there is reason to be optimistic – at least in regard to the long run.

I guess some would ask, “If you’re an economist, why didn’t you see this coming?” Using economic models, they say, you should have been able to accurately forecast the future. My response is simply to remind people that God created economists to make weather men look good! Of course, economists did see some kind of downturn coming – but it has been made worse because of excessive consumer spending, irresponsible accumulation of debt, and by so many government attempts to stave off recession. It hasn’t been that many years ago that we accepted recessions as a normal part of the business cycle, but somewhere along the line the word “recession” became a dirty word.

No matter what the cost, our government committed itself to staving off any recession, when a recession may have been what we needed all along. We needed to let some steam out of the economy a long time ago – a little at a time. But we adopted policies of lower interest rates and higher spending to keep that from happening. The result was that we kept borrowing and we kept buying – until it just couldn’t be sustained anymore. By then, there was no way to let off a *little* steam. We had to pop the whole balloon!

So, what is the silver lining?

Is it the fact that the government has come to our rescue with nearly a trillion dollar stimulus plan that is intended to create jobs and jump-start the economy? I say “no”. Is it because the Federal Reserve has lowered interest rates to almost zero and promised to back-stop the banks? I say “no”. Is it because gas, home prices, and mortgage rates are lower than they’ve been in years so now we’re bound to start buying again? I say “no”.

As I see it, the silver lining is what economists call “the paradox of thrift”. It is simply that we’re now getting our financial houses in order. Maybe many of us have been FORCED into a personal finance cleanup, but regardless of the reason, it is happening. Too many of us for too long lived beyond our means, did not save money, ran up large levels of consumer debt, and simply lived for today – without any concern whatsoever about tomorrow. A lot of bank lending practices didn’t help matters – and certainly government policies and programs led many banks down this road way too far and way too fast. For years, a few responsible economists, financial planners, and yes, even some bankers have taught the value of living within our means.

We've tried for years and years to get people to save money but for too long, hardly anyone listened. Now, in the face of the housing market collapse and the credit crisis, there is a sudden trend toward saving money. I'm thrilled about that for a lot of reasons, not the least of which is because it reflects good stewardship. That's why I was bothered by a recent *Wall Street Journal* story that said,

“in another worrisome sign...the rapid expansion of credit that helped fuel spending in recent years continues to reverse. It was the second month in a row that credit on consumer cards and loans for cars fell, and by the largest percentage drop in a decade...as Americans reduce debt loads and companies tighten lending standards, they are contributing to the broad downturn.”

Sure, when we save more, we spend less, and that makes it hard for businesses. They have to cut back on production, lower prices, and lay people off. I'm convinced, though, that it's time for this kind of belt-tightening. There was just no way we could sustain the kind of over-zealous consumption we have seen over the last several years.

I consider myself very blessed to be able to teach comparative economics during a summer study abroad program for American Christian college students. We always visit the European Central Bank in Frankfurt, Germany. I remember one of the bank's executives saying a couple of years ago that their single biggest concern was the fact that Americans were spending well beyond their means. We had a negative savings rate – and they knew this would eventually cause a problem. It turns out that he was right.

But I want to focus on the positive. That silver lining, as I see it, is that savings is up and consumption is down – which is the reverse of what got us into this mess in the first place. In fact, during the 4th quarter of 2008, consumption spending dropped about 3.5% while the rate of savings doubled. Imagine, people actually saving money and spending less. Ultimately, I'm happy to see people being responsible. And even though this is having a huge impact on our economy, I believe it is absolutely the best thing for the long run.

My optimism doesn't stop there. I'm also optimistic about the long term future of our economy for a couple of other very simple reasons. First, I believe that the American people are the most resilient, flexible, innovative, and creative people in the world. We have a way of anticipating the market – and those who anticipate it the best go on to make nice profits (which is not a dirty word). Take for example, the Snuggie. Have you seen this on TV? It is the ugliest thing – a blanket with sleeves! But they've sold millions of those things! Why? Because that company had the right product at the right time. With the economy in bad shape, we're all staying home more, and we're turning down the thermostat to save money – so what better product to have than a nice, warm Snuggie? That story has been repeated in America for years and I am convinced it will be repeated again and again and again.

I'm also optimistic because there is a renewed focus on doing business honestly, with integrity and character. We've had our fill of folks who lie, cheat, and steal to get ahead. For too long, dishonest people got away with their fraudulent practices and ponzi schemes, but they're finally being exposed. This means we all, individually and collectively, must assume greater responsibility for living lives that are in accordance with the will of God. The world is looking to us for leadership. We mustn't let the world down by continuing to be so self-centered and short-sighted. It is time that we exercise a little fiscal responsibility and start treating others as we want to be treated ourselves.

There is one other reason I see the silver lining. Despite our government's increasing involvement in economic matters – which worries me a little – no, actually it worries me a lot – we're still one of the freest societies in the world. We enjoy a freedom that too many of us have grown so accustomed to that we take it for granted. We can still invent, create, and innovate. We can still pursue our dreams. We are still free to express our views without fear for our safety. We can still worship as we choose. Bottom line: we have so much to be grateful for. This freedom is at risk, however. The greed, corruption, and selfish short-sightedness that led us to this point of economic crisis must be replaced with characteristics that reflect the teaching of Christ. It is up to us to preserve our freedoms by replacing greed with generosity, corruption with honesty, and selfishness with altruism.

I want to conclude by telling you about a place that symbolizes, in many ways, the importance of freedom and independence – the two things that make America the greatest country on Earth. This place puts our troubles into perspective just a bit. My summer teaching generally takes me through Eastern Europe and Russia. While there, one of the things I teach a lot about is the transition that so many countries have made from centrally planned communism to free market capitalism. And you know from your history that communism under the old Soviet Union was an oppressive system that was run by corrupt and evil people like Joseph Stalin. Under his regime religious freedom was taken away, individual human rights were nonexistent, and any enemies of the state were either banished to Siberian prisons or executed. It was a very, very dark time.



This is a photograph I took a few years ago. This place is known as the Hill of Crosses, in the countryside of Lithuania, near the town of Šiauliai and the border with Latvia. Lithuania is a country that was once under Soviet communist control but is now enjoying an amazing renaissance since the collapse of the Soviet Union. But this freedom was a long time coming for the Lithuanian people who have seen their country ravaged by invaders and occupied by enemies over and over again.

Standing on a small hill are literally hundreds of thousands of crosses. Its distant past is uncertain, but some historians believe the Hill dates as far back as the 14th century, when the tradition of placing crosses arose as a symbol of the Lithuanian's faith as well as their defiance of foreign invaders. The Hill was repeatedly destroyed, as invaders sought to wipe out the people's expression of faith and independence. But in every case, the people of Lithuania rebuilt the site, and returned the crosses to the Hill.

Captured by Germany in World War II, the area was heavily damaged, especially as Soviet Russia took control at the end of the war. From 1944 until Lithuanian independence in 1991, Šiauliai was part of the Soviet Union. During this time, pilgrimages to the Hill of Crosses served as a vital expression of their faith, and their desire for freedom, in the face of oppression.

The Soviets didn't like these kinds of expressions of faith and they repeatedly removed the crosses placed on the Hill. Three times, during 1961, 1973, and 1975, the Hill was leveled, the crosses were burned or turned into scrap metal, and the area was covered with waste and sewage and trenches were dug around the Hill to discourage people's return. Following each of these desecrations Lithuanians rapidly replaced crosses upon the Hill. Finally, upon Lithuanian independence in 1991, the Hill was left in peace.

A visit here is a powerful, moving experience. Pilgrims still visit the Hill every day; bringing crosses, both large and small, symbols of their faith in God, as an expression of thanks to God for their freedom, as a reminder that their faith has persevered through many trials, and as a way to remember the death of Jesus – upon another Hill of crosses. The Lithuanian people celebrate their relatively new freedoms and are not bashful

about it. On that same visit, I was told by a dear lady at a bakery – “thank you America – thank you for our freedom”.

Our burdens and our worries are great. They aren't nearly as great as those endured by the Lithuanian people, but we're burdened nonetheless. You have every right to be concerned about your retirement plan, your job, or your home. I just want to share my perspective that we as a people have been blessed in ways far greater than we deserve. It is up to us to act and live in ways that ensure that our freedoms and our independence continue. While the expanding hand of government worries me a bit, I'm convinced that if we get past the greed that got us here; if we begin to show concern not only for ourselves but for others; if we accept more responsibility for our own actions, then we're securing for ourselves and for the future, the freedoms that we cherish so much.

Let me leave you with a passage of scripture. Psalm 37:3-9 tells us how we are to be, the kind of attitude we are to have, and the kind of actions that are expected of us, each and every day. My prayer is that you'll let these words shape your life – and let these words teach you how to deal with your burdens and with the crosses you bear. Let these words help you face a world that doesn't necessarily follow the teachings of Jesus and where sometimes dishonesty, greed, and corruption are rewarded – if only for a time. Let these words direct you toward a life of true servant leadership and a life that influences the world for good and for God.

Psalm 37:3-9

**3 Trust in the LORD and do good;
dwell in the land and enjoy safe pasture.**
**4 Delight yourself in the LORD
and he will give you the desires of your heart.**
**5 Commit your way to the LORD;
trust in him and he will do this:**
**6 He will make your righteousness shine like the dawn,
the justice of your cause like the noonday sun.**

**7 Be still before the Lord and wait patiently for him
Do not fret when men succeed in their ways,
when they carry out their wicked schemes.**
**8 Refrain from anger and turn from wrath;
do not fret—it leads only to evil.**
**9 For evil men will be cut off,
but those who hope in the LORD will inherit the land.**

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