

# Chapter 1

# SURVIVING



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*Give me neither poverty nor riches;  
feed me with the food that I need.*

—PROVERBS 30:8b

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Where did our money go? In less than eighteen months, the 60 percent of Americans who have money in the stock market saw the value of their holdings cut in half, as the Dow Jones Industrial Average dove from a high of over 14,000 to a low below 7,000. People with 401(k) retirement accounts watched their nest eggs shrivel. To make matters worse, Bernard Madoff made off with close to \$65 billion through his global Ponzi scheme. That investment opportunity was really a house of cards, and the cards were human beings and charitable organizations whose entire fortunes toppled over.

## MAKING ENDS MEET

Many people have lost not only their money but their homes, too. In the postwar period, owning a home became a symbol of economic prosperity and the American dream itself. The tax system and other government programs created strong incentives for people to

become owners and not to remain renters. But too many people got in over their heads with sub-prime loans or excessive mortgage payments. They have lost their houses, or they are struggling to make their mortgage payments. Most other homeowners have experienced a significant decline in the value of their real estate.

In this tough economic climate, how much is enough to survive? Retirees and those ready to retire want to know. With our market culture placing such high value on economic productivity, they fear that they will be disdained as burdens on society. And they worry that they might become actual burdens on their loved ones. Worse yet, some see the possibility that no one will be there to take care of them if their money runs out. Given the short-term turmoil and the more permanent culture of productivity, retirement today can seem like a huge risk.

For parents working to make ends meet, how much is enough? Kids need clothes, and shoes, and food. Are summer camps a luxury or a necessity? What about cell phones—are they a needless expense or are they a necessary ingredient of social participation for today's young people? And don't mention the word *college*. Tuition has increased faster in the past three decades than almost any other good or service in the American economy. It's now \$80,000 for four years of a public university or \$200,000 for a private one—can you be serious?

Young adults are graduating from high school and college with grim job prospects. Compounding the effects of a shrunken economy, which supports fewer jobs, is the reality that potential retirees have not exited the workforce. Elders who choose to keep working—or do so because they cannot afford to retire in this economy—thus delay the domino effect that opens up entry-level positions for young adults. As a result, many twenty-somethings have extended their education, which brings them face to face with the higher costs of higher education.

In official terms, how much do people need to survive? The U.S. Census Bureau's poverty threshold is about \$17,000 for a family of three and about \$22,000 for a family of four.<sup>1</sup> These figures are based on an old budget formula that doesn't take account of the disproportionately large rises, over recent decades, in the costs of housing, health care, and child care. Yet, even when the poverty line stands this low, an adult working a minimum-wage job for forty

hours a week, fifty-two weeks a year, cannot lift a family of three to that level—at least not without additional help from the government. Shouldn't working a full-time job pay enough to keep a small family out of poverty?

Even those whose earnings place them far above the poverty line say they have difficulty making ends meet. People earning \$200,000 per year talk about how they can't afford to live near their work because housing costs in many urban and suburban areas remain so high. Others who make much less lament the pressures they feel as part of a squeezed middle class. Even before the recent recession, the average wage of the American worker had not risen in thirty years, once the figure is adjusted for inflation. Meanwhile, the cost of many goods has been skyrocketing. These are issues far more enduring than any single economic up or down cycle. Recent American economic prosperity does not appear to have made the "average American" much better off in financial terms. We wonder if we can leave economic conditions for the next generation that are at least as good as what we have experienced.

Economic pressures add another source of worry as well: difficulties in balancing work and the rest of life. Fifty years ago, experts predicted that technology would reduce work hours and increase leisure—but these projections have proven false. Women's rate of participation in the labor force nearly doubled from 1950 to 2000, and the average number of hours worked by each woman in the workforce increased significantly. Women have taken jobs outside the home in record numbers not merely because of heightened public consciousness of women's equal humanity but also as a matter of economic necessity. For their part, men in the labor force have also increased their working hours. Average vacation time per year has decreased. In short, more people are working, and they are working longer hours with shorter vacations, than was the case three or four decades ago.<sup>2</sup>

Runaway consumerism exacerbates the resulting problems. Put pressures on money and pressures on time together and add strong desires for consumer goods, and you get what the economist Juliet Schor has called the "work and spend" cycle. When people want consumer goods more than they want additional free time, they work longer to pay the bills, and the work-and-spend cycle spins

faster and faster. The technological goods that seemed once to promise leisure—appliances, computers, smart phones, and the like—instead become desires that lead to more work.

Of course, our work-and-spend society has an underside as well: many people are unemployed. While those who have jobs are toiling long hours (with fewer coworkers to bear the load) and trying to keep up with work, family, and leisure, people without jobs strive merely to make ends meet. It takes a huge investment of time to do a job search, and it can all seem to be wasted in a tough job market.

These economic realities raise the decibel level on a question that has long existed just beneath the surface of this highly productive consumer economy: How much is enough?

## GLOBALIZING OUR VIEW

For some three billion people on the planet, all this talk of wealth and money's rise and fall is merely fantasy. In global terms, everyone reading this book is rich. The median income in the world, once it is adjusted to account for different purchasing power in different countries, is less than \$2,000 a year. The average income in the United States is in the top 10 percent of world incomes—and probably in the top 5 percent.<sup>3</sup> At the other end of the distribution, the figures are staggering. Roughly a billion people earn less than \$1 per day. According to the World Bank, 1.4 billion people live below \$1.25 per day, adjusted for purchasing power: This is the world standard for absolute, or extreme, poverty. Nearly half of the world's population earns less than \$2 a day. In a globalizing economy, \$730 a year does not go a long way. According to the Food and Agriculture Organization of the United Nations, nearly one billion people were undernourished in 2007, with the economic crisis of 2008 pushing countless others into this condition. And the World Health Organization and UNICEF estimate that about 1.1 billion people lack access to safe drinking water.<sup>4</sup> *Surviving* has a different sound, a different degree of severity, for people living on the margins of the global economy.

The largest Wall Street bailout, which became law in October 2008, carried a staggering price tag: \$700 billion. As the bill worked its way through the U.S. Congress and was signed by President George W. Bush, I kept coming back to one thought. This whole process seemed to be going so fast—and at the end, it had taken less than two weeks. By contrast, for a decade, I have been reading about how much it would cost to provide basic education, clean drinking water, safe sewage, basic health care, and adequate nutrition for all people in the world. The best estimates for meeting *all* of the basic needs for everyone are on the order of \$200 billion per year. To be sure, analysts debate this number—especially the “transaction costs” to get basic goods and services into the hands of those who need them. But this figure gives a sense of the magnitude of the challenge. The cost would be shared by the industrialized countries of the world until the poorest countries were to reach a point of development—as early as 2025—at which time they could provide a sufficient safety net for their citizens without further foreign assistance.<sup>5</sup> United Nations officials, economists, and celebrities have urged world leaders to find the means to fund these basic services. But all along, naysayers and critics have called the amount of money “unrealistic.” They have said that it is “naive” to think that we could make significant headway on these problems.

Are we left to believe that it is unrealistic to find \$200 billion a year to fight poverty, while in our country alone we can fund, in a matter of weeks, \$700 billion to rescue our financial institutions? It is all a matter of priorities. It is a matter of our imagination—of what we are willing to believe is possible. And it will require collective action.

Addressing such questions is never simple or straightforward. In fact, some have argued that if Wall Street had been allowed to fail, all would have been worse off, and more poverty, in the United States and internationally, would have ensued. There is a legitimate argument to be made that the bailout was necessary precisely because the failure of the financial system hit the most vulnerable people the hardest. But if poverty were a chief concern, would it not have been a good idea to dedicate at least a share of the \$700 billion to direct poverty alleviation, in the United States and around the world?

## PRACTICING THE ECONOMICS OF “ENOUGH”

It is easy to become disheartened, or at least perplexed and frustrated, amid these financial realities. According to the standard definition of the field (introduced by Lionel Robbins in 1932), *economics* concerns the allocation of scarce goods for competing uses.<sup>6</sup> Scarcity and competition are the key concepts. This view assumes that there is no way to satisfy all needs and wants. Human beings are seen always to prefer more of a good to less of it, always trying to maximize their self-interest while everyone else is doing likewise. Hence, the starting place is a competitive marketplace in which it is impossible to satisfy everyone—or even anyone—completely. This understanding of economics affirms the view that there is never enough.

In this book, while acknowledging the valuable insights that economics can offer, I develop a different approach by shifting our thinking about economic life in theological directions. We will view our economic decision making as one of our most important attempts to live a good and faithful life. We will place our own well-being, and that of our loved ones, within the context of six and a half billion other people also seeking to make ends meet on God’s green earth. Thinking about money in our individual or family life is difficult enough. To connect our personal-finance questions with U.S. society or the global economy is an even more daunting challenge. Yet that is precisely the aim of these chapters. As we think about where our money goes, what the ends are that we are trying to meet with money, and how much money is enough, we are called to connect our own economic realities with the global economy.

My college economics professor, Charles Ratliff Jr., would begin his courses with an exercise in etymology. He would break down the word *economics* into its components, the Greek words *oikos* (household) and *nomos* (law), that is, the law of the household. He meant to convey to all his young economists that economics is chiefly about managing the household. And the scale of household could range from the personal level to the global one. This idea also makes it possible to see the relationship between economic concerns and ecological ones—*oikos* is the root word for both. Theologically speaking, when we talk about the global household, we are talking about God’s creation.

As I got to know Dr. Ratliff during my time as an economics major, I learned that this perspective on the discipline was integrally tied to his own faith as a Methodist. I discovered that he practiced in his life what he professed in the classroom. Dr. Ratliff had spent three years teaching at the Forman Christian College in Lahore, Pakistan, sharing his insights into economics even as he learned a great deal about human and economic development from his hosts. Just as significant, when he returned from Pakistan to teach for three more decades at Davidson College, Dr. Ratliff quietly lived out his faith commitments. He helped lead his church into local and international missions, he worked on antipoverty campaigns in Davidson and neighboring Charlotte, North Carolina, and he helped establish a vibrant Habitat for Humanity chapter in town. Most of all, his students experienced his passion for justice and peace—*God's shalom*, he would call it—through his vocation of teaching.

Dr. Ratliff's faith-based view of managing the global household so as to provide enough for all people is certainly consistent with many voices in economics. Indeed, many economists see their discipline and their craft as aligned with the high goal of improving the lives of people around the world. Adam Smith, the eighteenth-century founder of classical economics, advocated for subsidized public education and viewed free trade as a means by which impoverished workers could better their lot as the national standard of living went up. Alfred Marshall, the greatest economist at the beginning of the twentieth century, stated it very well: "The question of whether it is really impossible that all should start in the world with a fair chance of leading a cultured life, free from the pains of poverty . . . [gives] to economic studies their chief and their highest interest."<sup>7</sup>

Viewing economics as managing God's household redefines our thinking about money in terms beyond the mere pursuit of our individual self-interest. It requires us to think carefully about doing justice, sharing burdens and bounty, and meeting needs of people we care about deeply and people we do not even know or like. This framework faces head-on the realities of scarcity of many economic goods—some as vital as safe drinking water and nutritious food. Yet it also entails the fundamental conviction that there is enough for all people to live decent lives worthy of their human dignity.

A great tension pervades any attempt to think morally and theologically about economic life in our time. On one hand, financial questions are fundamental to our very survival, and thus they deserve close attention. On the other hand, we need a critical perspective on our own tendency to confuse survival with comfort. *Survival* can denote an absolute condition, but it can also become a relative term that shifts upwards with prosperity. We must learn to recognize and often resist our propensity always to want more—no easy task when the commercial messages we receive every day appeal to our deepest longings. If we do not learn to discern and even limit our desires for material goods, we will never have enough.

### SPENDING OR SAVING?

“The world is too much with us,” the poet William Wordsworth wrote in 1807; “late and soon, /Getting and spending, we lay waste our powers.”<sup>8</sup> In Wordsworth’s native England, the Industrial Revolution was transforming cities and lives. Wordsworth, who had been born in the beauty and relative tranquility of northwest England’s Lake District, became disillusioned in his adult years by what he saw as the emptiness of modern urban life. After earning his degree at Trinity College of Cambridge University, he traveled to France and Germany, experiencing a more cosmopolitan lifestyle. But Wordsworth ultimately preferred the pastoral life, and he returned to the Lake District, where he could be closer to nature and avoid the excesses and bustle of commercial England.

Today, the work-spend pressures of consumerism tempt some people to long for this kind of quieter, more pastoral lifestyle. We always seem to be chasing our tails, working more and spending more, just to keep up. Ads for every product under the sun bombard us at each turn—the billboards, the pop-up ads, the junk mail. There appears to be little escape from anxiety and the hectic pace of our economy. But without a special calling to be a Romantic poet or to live off the land, most of us will remain in our urban and suburban contexts. The task is not to escape those places but to discover and develop practices that allow us to reject the excesses of consumerism.

Americans seem to have responded to the economic slowdown precisely by saving more and spending less. (At least some of this trend results from tighter restrictions limiting consumers' access to credit.) The personal savings rate in the country increased during the recession, to 3 or 4 percent, the highest rates seen this decade. This is the advice that many analysts had given Americans for years—spend less and save more. Ironically, in the face of a recession, policymakers appeared befuddled, and they offered confusing if not contradictory advice. Some said that Americans should spend more in order to stimulate the economy. The marketers and communications departments of major corporations joined the chorus of politicians, deftly turning toward selling the act of spending as the patriotic thing to do. The struggling car companies have called “all of us” to pull together and weather this storm. Why not buy a GM or Chrysler car and show the can-do American spirit? A construction industry representative encourages people to renovate their homes, calling it their patriotic contribution to stimulating the economy.<sup>9</sup> After all, when the rates of return on saving and investing appear to be small (or negative), an alternative use of money—buying consumer goods—has increased appeal. Being told it is also a way to love your country may boost such spending even more.

## INTERPRETING THE CRISIS

Where is our moral compass to make sense of this economic situation? How little public voice there has been from religious leaders to help us understand the spiritual or ethical dimensions of the crisis. At one level, this makes sense. It is hard enough to think carefully about economic life from a theological perspective. It is even more difficult when complex, unprecedented shocks hit the financial system. Still, this is a time at which moral and theological insights can be of real value.

Christian views on the recession belong under the category of *theodicy*—understanding God's role in the face of suffering. Why do bad things happen to good people? Why do bad things happen at all? Does God allow them, or does God even cause them? Does God

punish evildoers? And so on. Whether we are focusing on struggles within our personal lives, American society, or the global economy, we should be asking them in terms of theodicy.

Christian thinkers have been all over the map on the recession, what it means, and how to escape it. Some preachers and theologians have seen the economic crisis as a lesson for people who have become so dependent on earthly things that they have forgotten God. So the crisis is a blessing in disguise, a call back to faithfulness—and dependence—on God.<sup>10</sup> It is not a big leap to suggest from this view that God caused the crisis. The more common approach is to blame the crisis on greedy and deceptive actions by bankers, mortgage companies, and captains of industry. Those who take this view call the crisis a condemnation—the chickens coming home to roost—of these morally repugnant actors.

I read the breakdown of the financial system as a disastrous event that God did not cause. It was, instead, a result of human failures. God allows an economic collapse to take place as a result of the freedoms that God grants people to pursue their ends. But the human abuses of that freedom were both individual and systemic. That is, the human sin present in the economy is not a matter of a few bad apples who took advantage, though there surely are people who bear particular culpability due to the egregiousness of their actions. But that is not the key point. The Archbishop of Canterbury, Rowan Williams, stated: “It is not for believers to join in the search for scapegoats, because there will always be, for the religious self, an awareness of complicity in social evil.”<sup>11</sup>

All of us who invested without asking questions about where our money was going have some complicity—and even culpability. I don’t mean only those who got caught up in the too-good-to-be-true Ponzi schemes. How many of us with 401(k) plans thought long or hard about how our accounts were showing steady, strong growth? Which of us who took out mortgages wondered whether we should be buying a house as nice as the one we were purchasing? For my part, I remember well—when my wife and I bought our first house—the sense of intimidation and awe at the number of zeros in the loan amount and the fact that we were committing to make mortgage payments almost reaching to our projected retirement years. Those feelings should probably still be with us every month

when our mortgage payment is due. But instead, the payments have become a routine practice—even more so with the automatic deduction coming from our bank account.

How many people did not focus first upon the recession's impacts on our own families? Even though we knew, or should have known, that the widespread effects would be most severe upon the most economically vulnerable, our reactions largely remained self-interested. We have all been participants in a tangled web of human temptation and even sin that has contributed to the economic fall.

This is a messier interpretation than saying either that God caused the crisis or that a few bad apples did. Archbishop Williams named the crisis as the shared human “complicity in social evil.” God gives humans freedom, but it is we humans ourselves who produce the systems that can go haywire.

God is also present in the crisis through human acts of compassion and justice to alleviate suffering. We are also implicated in the crisis—in a quite different way this time—through those actions by which we ease others' suffering. Churches, mosques, and synagogues around the country and beyond have opened their doors to support the hungry and provide job retraining and employment referral services for the jobless. While some congregations have given more and others less to mission and social-service outreach, many ministers report that their parishioners have stretched themselves, in faith, beyond their normal giving levels in the effort to comfort the suffering. Faith-based charities, which have seen their budgets cut even as the need for their services has never been greater, have streamlined their missions. They have made special appeals for additional donations so that they could fill food pantries and deliver health care to the newly (and already) uninsured. In these practices, they are doing God's work. Beyond these acts of compassionate service, we also see God's presence in the motivated and dedicated efforts of citizens, analysts, and lawmakers who have strived to fix broken systems. As the renowned economist Rebecca Blank reminds us, in our complex political and economic system, the Christian obligation to neighbor-love is fulfilled not through personal acts of charity alone but also by better aligning our complicated political and economic policies with justice. God's own compassion and justice are reflected through these efforts.<sup>12</sup>

What are we to do from here? Surely this is a time for thrift and caution. These are the same virtues of Christian life that thinkers have cited for centuries. Indeed, a cautious approach to economic life, so familiar to previous generations of American and European Christians, likely had religious roots. The notion of a “Protestant ethic” as a key factor in capitalism’s rise came from the great German sociologist Max Weber, writing at the beginning of the twentieth century. Weber emphasized the importance of austerity. He asserted that the spirit of industry arose within Christians who were anxious to demonstrate that they were among God’s elect. This industriousness earned money for workers and capital investors, but their Christian morals forbade them from displaying any ostentation. Thriftiness was to be their lifestyle. So they saved, and their savings fueled further investment. Their way of life was conducive to the emergence of capitalism.<sup>13</sup>

In our own time, some analysts suggest that practicing Christian thriftiness would damage the economy. The economy, they say, requires money to circulate quickly so as to keep itself going and to keep people employed. The economist Deirdre McCloskey has called this view an absurdity, suggesting provocatively that only non-economists could hold it. McCloskey asserts that the economic system will adjust itself and will reward efficiency for whatever goods people value—including leisure. If Christian values had more influence, “The economy would encourage specialization to satisfy human desires in much the same way as it does now. People would buy Bibles and spirit-enhancing trips to Yosemite instead of *The Monica Story* and trips to Disney World, but we would still value high-speed presses for the books and airplanes for the trips. The desires would be different, but that doesn’t change how the system works best.” Greed is not good, she maintains. Prudence is.<sup>14</sup>

Yet what are we to make of the advocates of public and personal stimulus who tell us to spend, spend, spend? Contrariwise, many people of faith simultaneously making a conversion to a simpler lifestyle could actually sink the economy into a deeper hole. After all, McCloskey’s view of thrift is for the long term—she even wrote presciently, in 2004, “No doubt such a conversion would be a shock to General Motors.”<sup>15</sup> As unlikely as it may be, if everyone stopped

buying goods at exactly the same moment, this change in consumer behavior would, in fact, jolt the system.

At a time when the economy needs anything but a further slowdown, should we conclude that it is a Christian duty—as well as a patriotic duty—to spend more money? There is no straightforward way to read the Christian story as calling people to forgo thrift in times of crisis in order to boost the economy. In fact, advocates of market stimulus have generally not even attempted to frame their argument in theological terms. Rather, we see what is often the case: Christian theology and ethics are largely silent when it comes to specifics, leaving the domain of policy recommendation to the logic and language of economists and merchants.

So what exactly are we to do? Is Christian faith supposed to make a difference in our economic decisions? If we answer yes, we still must figure out just how. Should it be to save more than the national average, or less? To spend more, or less? To give more, or less? To work more, or less? To choose a career that pays more, or one that pays less? To possess more, or less? The chapters to follow tackle these questions and raise others.

## SIMPLIFYING WITHOUT EXITING

Many thoughtful people have sought to reject altogether the predominant practices of consumerism. They have pursued the simple life, slowing down the pace of their lives. In the process, they have been able to be friendlier toward, and commune with, nature. Wordsworth, for his part, would approve. Jesus' own ministry, in which he wandered from village to village and depended upon the hospitality of strangers, also seems consistent with this approach.

Yet if we commit to simplify our lives and engage more attentively with the environment, we only increase the number of practical and ethical questions we confront. That is, unless we live on a self-sufficient farm (and probably even if we do), we still will face hundreds of economic and ecological decisions every day. Paper or plastic? Cloth diapers or disposable ones? Is a new car with hybrid technology really better for the environment than an older, smaller

car that gets good gas mileage? If we own a clunker, should we drive it until it wears out since producing any new car requires energy to produce it? Should we drive to the store to buy something, or order it on the Internet and have it shipped? Shall we pay to live in a more expensive neighborhood that is close to work and school so we can have a shorter commute? If we are going to own a computer, what do we do about the fact that most are designed to be nearly obsolete in three or four years and probably contain toxic chemicals that could end up in a landfill?

Consider the public effort by some Christians to ask, “What would Jesus drive?” They wanted to suggest, by alluding to the now-popular question “What would Jesus do?” (WWJD), that Christians should express strong concern about the environment. They declared that Christians had no business driving gas-guzzling luxury vehicles. Automobiles play a large part in making the United States the largest greenhouse gas emitter in the world. Theirs was a witty campaign that aimed to get people to think theologically about their transportation routines.

These Christians were ridiculed for their naïveté, however. One national columnist, George Will, even retorted with his own attempt at humor. Will wrote that Jesus rode into Jerusalem upon a donkey—“a fuel-guzzling and high-pollution conveyance”!<sup>16</sup> Will’s indictment of these Christian leaders was not merely meant to poke fun at those who were combining their faith and their concern for the earth. Rather, he expressed disdain for the campaigners for implying that “Christianity is not just good news, it is also good scientific and economic policy analysis.”

Will is correct that Christian activists can be quick—and mistaken—to oversimplify biblical or theological messages for economic living. Yet Will errs by not allowing for the possibility that Christian faith can help us think about the economy and the environment in our everyday lives. Even so, his criticism is a helpful reminder that we will need an approach based on more than a catchy question.

Like our own personal decisions, our public and civic spaces seem inundated by the market. Amid shrinking budgets, public schools take contributions from local businesses to fund arts and athletics, and they sign exclusive vendor contracts with soda companies. Our formerly religious and other nonprofit hospitals now bear

corporate names. Even our public sports arenas are now owned—or at least named—by companies. The football arena in Indianapolis used to be called the Hoosier Dome, a label that meant something to us “Hoosiers” from Indiana. Then it was the RCA Dome. Lacking the latest skyboxes and other luxuries, it was replaced in 2008 by Lucas Oil Stadium, which bears the name of a California-based company that few in Indianapolis had ever heard of. The residents of Houston had to rename their baseball stadium when “Enron” no longer evoked civic pride (to say the least). The corporation in which so many in Houston and elsewhere had placed their trust cheated its employees and stockholders out of their financial security. More recently, the New York Mets opened their new stadium in Queens bearing the name Citi Field, named after Citigroup. The financial institution had agreed to pay \$20 million per year for naming rights before it had to go begging to the U.S. government in 2008, receiving \$45 billion in bailout money. That prompted two New York City politicians to propose that the stadium be named “Citi/Taxpayer Field.”<sup>17</sup> The entanglements that come with corporate sponsorships are anything but simple. Churches, other nonprofits, and governments can no more protect themselves from the market than they can operate without money.

At the collective as well as the personal level, we must ask not how to opt out of the market but how to harness the market to achieve ends that are consistent with our values. Through coordinated action, we can also help shape the market in ways that promote human dignity and respect for God’s creation. This work of harnessing and shaping the economy is essential not only for surviving in a tough economy but for promoting human well-being.

