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Are We Promised Prosperity?

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Now that the economic “bailout” plan has been passed by Congress, expect all parties involved to claim credit if it appears to work and deny blame if the crisis worsens. Though the primary problem is a crisis in the credit markets and the financial sector, the entire economy feels the crunch. The crisis now may lie in the awareness of uncertainty — and no one likes uncertainty when it comes to matters economic.

The public is also bracing for more bad news. Just today, the State of California announced that it might need a $7 billion bailout. The state’s credit rating is not the problem, but the state has been unable to get the short-term money it needs, given the constriction of credit. Who is next?

There are a host of issues to be considered here. Many Americans are just waking up to the basic facts of economics. Most, sad to say, remain oblivious. Some among the more curious are discovering how much borrowing and lending goes on in the course of business — and among their neighbors.

Niall Ferguson, one of the world’s most influential historians, puts much of this into perspective in an essay published in the current issue of TIME magazine. In “The End of Prosperity?,” Ferguson argues that another Great Depression — a “Depression 2.0″ — is avoidable. Nevertheless, a period of far less material prosperity is almost surely at hand.

He explains:

The U.S. — not to mention Western Europe — is in the grip of a downward spiral that financial experts call deleveraging. Having accumulated debts beyond what’s sustainable, households and financial institutions are being forced to reduce them. The pressure to do so results from a decline in the price of the assets they bought with the money they borrowed. It’s a vicious feedback loop. When families and banks tip into bankruptcy, more assets get dumped on the market, driving prices down further and necessitating more deleveraging. This process now has so much momentum that even $700 billion in taxpayers’ money may not suffice to stop it.

The unavoidable reduction of debt is traumatic at every level. Excessive and unsustainable valuations led to bad decisions and the illusion of free money. It never lasts. The “deleveraging” we are now witnessing will take some time to run its course. And that course is still unpredictable.

The most interesting part of Ferguson’s analysis has to do with the causes and course of the Great Depression as compared to the present crisis. His historical precision and honesty are helpful — even as his analysis is bracing.

One of the most interesting paragraphs in Ferguson’s essay has to do with the credit crisis at the household level. Consider this:

In the case of households, debt rose from about 50% of GDP in 1980 to a peak of 100% in 2006. In other words, households now owe as much as the entire U.S. economy can produce in a year. Much of the increase in debt was used to invest in real estate. The result was a bubble; at its peak, average U.S. house prices were rising at 20% a year. Then — as bubbles always do — it burst. The S&P Case-Shiller index of house prices in 20 cities has been falling since February 2007. And the decline is accelerating. In June prices were down 16% compared with a year earlier. In some cities — like

Phoenix and Miami — they have fallen by as much as a third from their peaks. The U.S. real estate market hasn't faced anything like this since the Depression. And the pain is not over. Credit Suisse predicts that 13% of U.S. homeowners with mortgages could end up losing their homes.

We can only wonder how many Americans realize that total household borrowing now amounts *to the productivity of the entire U.S. economy for a year*. That is a staggering reality. Such borrowing levels are economically unsustainable. At the level of the individual household, this downturn can be catastrophic.

The Christian tradition has been very suspicious of credit and borrowing. Usury laws and a bias against borrowing and lending dissuaded most Christians from borrowing except in a dire emergency. Until fairly recently, the wide-spread use of consumer credit was unimaginable among Christians. Evidence that this is no longer the case can be found in the popularity of so many Christian financial advisors who have been calling for believers to get *out* of debt.

In another article — fascinating on its own — TIME's David van Biema looks at the influence of prosperity theology in the current credit crisis. His article, "Did God Want You to Get That Mortgage?," starts with a punch:

Has the so-called Prosperity Gospel turned its followers into some of the most willing participants — and hence, victims — of the current financial crisis? That's what a scholar of the fast-growing brand of Pentecostal Christianity believes. While researching a book on black televangelism, says Jonathan Walton, a religion professor at the University of California Riverside, he realized that Prosperity's central promise — that God would "make a way" for poor people to enjoy the better things in life — had developed an additional, toxic expression during sub-prime boom. Walton says that this encouraged congregants who got dicey mortgages to believe "God caused the bank to ignore my credit score and blessed me with my first house." The results, he says, "were disastrous, because they pretty much turned parishioners into prey for greedy brokers."

Lee Grady, editor of *Charisma* magazine, explained it this way: "It definitely goes on, that a preacher might say, 'if you give this offering, God will give you a house.' And if they did get the house, people did think that it was an answer to prayer, when in fact it was really bad banking policy."

It is easy to see how prosperity theology could lead to these unwarranted assumptions. Prosperity theology is a lie, and a false Gospel. We are not promised economic or financial prosperity in the Gospel. We are promised what money cannot buy and poverty cannot take away.

It is also easy for non-Charismatic critics of prosperity theology to look down on those who were so susceptible to its false promises. Many devotees of prosperity theology are desperate in ways the more privileged cannot understand, and they are prey to both lenders and preachers promising prosperity.

I must wonder how many other Christians — far removed theologically from Charismatic prosperity theology — might have bought into a very different prosperity theology. Have we all been seduced by the idea that prosperity is a given? Do we now think that prosperity is our right? Do we associate prosperity with the blessings we receive in the Gospel?

Perhaps we all need a refresher course in Christian economics and Christian theology. Niall Ferguson argues from the record of history in looking to the current crisis. Perhaps we should remember our own history lesson — that far more believers in Christ have been and are now among the poor, rather than among the wealthy. We should hear Jesus warn against materialism and Paul remind us that we are to be content when we have plenty and when we have little. We should know that the Christian virtue of thrift is incompatible with the lies of those who push consumer credit.

We are not promised prosperity. When we do enjoy prosperity, we should be thankful stewards — not peddlers of our own prosperity theology.
