

The Financial Seminary

IN COOPERATION WITH WILLOW CREEK'S GOOD \$ENSE MOVEMENT

SPIRITUAL ECONOMICS FOR AMERICA'S CHURCHES, MINISTRIES, COLLEGES & SEMINARIES

CLASS FOUR
FORWARDING IS ENCOURAGED



WWJD: What Would Jeremiah Do?

“Most people who time the market are terrible at it: Cash flows into stock funds hit peaks in early 2000 and ebbed as the market hit bottom. This kind of activity is incredibly costly. From 1989 through 2008, the S&P 500 gained a bit more than 8% a year, but the average equity fund investor earned less than 2% thanks to lousy market timing.”

Fortune

December 21, 2009

You've finally listened to the wisdom of ministries telling you to pay off your credit cards. You're giving more. Like the typical American, your savings rate has increased from 2% to 6%. You read *The Automatic Millionaire*, as suggested by a major ministry a couple years ago and have even prayed for the stocks in your IRA to go up, as suggested by *The Prayer of Jabez*. But it's smaller than it was two years ago. Has your faith failed you? Not at all. You're simply learning the hard way what humanity has insisted on learning the hard way since Plato compared life to living in a cave. (Google "Plato's Cave.")

Plato essentially said most of us live as if we are sitting in a dark cave. There is a fire behind us and other people are making shadows on the walls in front of us. We believe the shadows are reality. Occasionally, someone like Jesus--but perhaps Lincoln, Gandhi, or Martin Luther King--strolls into the cave to lead us to the light. To paraphrase, Jesus was *the way* out of the cave, *the truth* rather than the shadows, and *life* in the light rather than the darkness.

Unfortunately two things prevent our following them: We are bound to our chairs by having grown accustomed to the darkness and shadows, and the people making the shadows usually kill the enlightened ones. They do so as they like the way things are. Their incentives can be political, which is usually about money sooner or later, but it's usually about money directly, particularly in a capitalist society.

For example, *The New York Times* used to run a very effective ad. It was striking in its simplicity: a full page with a small world with a crack running through it. A tiny man was sitting on top. The caption below simply read "The Times Demand the Times." The implication was that this investment counselor couldn't survive the problems of life unless I subscribed to their publication.

But my mentor Sir John Templeton, the Rhodes Scholar turned legendary mutual fund manager who was often called the "Dean of Global Investing," was telling us we'd never invest wisely if we read the popular press. He even suggested most newspapers would soon go out of business as they were almost exclusively focused on the bad news that sells papers rather than the good news that shapes a richer life for us.

Of course, we Christians know "the world," operates that way. That's why we can depend on religious leaders we know. Wrong. In fact, Jesus knew the Pharisees made so many shadows he never had time to fight with anyone else. But surely we know better as we have that biblical Truth. Wrong again. The more you listen to Christian media the more you are likely to think the Bible, our real source of Truth, is about how life was, rather than is.

For example, the January 2010 issue of *Christianity Today* contains a story entitled "Chicken Little Was Wrong." It begins by cautioning cave dwellers that: "The statistics we most love to repeat may be leading us to make bad choices about the church." It then quotes a leading religious sociologist as saying: "Why do evangelicals recurrently abuse statistics? My observation is that they are usually trying desperately to attract attention and raise people's concern in order to mobilize resources and action for some cause....Evangelical leaders and organizations routinely use descriptive statistics in sloppy, unwarranted, misrepresenting, and sometimes absolutely preposterous ways."

So what's that got to do with your IRA? Everything. During the early nineties, the Dow was at 3000 and I was telling as many evangelicals as possible that John Templeton was predicting a strong economy and roaring bull market. And being an advocate of debt-free living, as well as a fan of "Austrian economics," John was most aware of the federal debt. But few listened as they had been reading books about the federal debt being a giant that would prevent our entering the Promised Land.

In the late nineties, John began saying that even though he believed the Dow would rise to one million during the coming century, he thought investors would be lucky to break even during the coming decade. Good advice again. Sadly, few heard him as they were preoccupied with tapes and books about Y2K being another giant.

And in March 2009 when the Dow was in the dumps, Dick Towner asked me to come to Willow Creek and address perceptions that America was already in Great Depression Two. Fortunately, I explained why I thought John would be buying some stocks. The media was uniformly negative. Everyone seemed to "know" the federal debt had finally shook the economy to pieces. And the American consumer was "drowning in a sea of red ink." So the stock market could go nowhere. Wrong again. It rose 70% during the coming seven months.

As we discussed the federal debt in class one, let me shine a bit of light on the American consumer being broke; for that is commonly accepted as truth when it comes to why we don't give more, as well as why many of us are again fearfully hoarding trillions of dollars in very low-paying CD's when they could be creating jobs and so on.

There is a scholarly new book on the market entitled *Passing the Plate: Why American Christians Don't Give Away More Money*. It finally explains what I've been trying to tell the church for years that analysts, like the Federal Reserve and Faure Isaac, routinely say about credit card debt.

"One commonly cited statistic in the media is that the average American owes more than \$8,000 in credit card debt. That kind of liability, if true, would certainly get in the way of more generous religious and charitable financial giving. The evidence, however, suggests that, while a fairly small minority of Americans really is in serious credit card debt, the majority are not. Numbers like \$8,000 are inflated in the calculation of *mean* averages by a relatively few people who are in huge debt."

Reality is that the *median* credit card debt, the one that affects you, me and our charities, is much lower and very manageable. Now, I'm not saying credit management isn't highly important. But it's not enough. We need to be more holistic in our teaching. And it's in our interests. If God's people had heard as much from true economists and investment counselors, like John Templeton, as credit ministries, they might have more money to give today and invest to be able to give more in the future.

Unfortunately, we won't accomplish that if we simplistically ask "What would Jesus do?" He'd always sell anything he had and give it to the poor, as he advised the rich young ruler who was seeking perfection. Pretending we're investing as Jesus would might boost the egos of some Christian investment advisors and bring a few naïve dollars into their firms. But it dramatically distorts the nature of God by creating God in our own image. God knows any advisor and any company they might invest in have fallen far short of perfection.

But Jesus was realistic about human imperfection and respectful of the prophets. So I believe he wouldn't mind if we imperfect investors ask: "What would Jeremiah do?" You may remember that Jeremiah once invested in a field (Chapter 32). But he didn't do so when things looked sunny. He did when things looked very, very cloudy. That took a lot of faith. That's why he did it at that time, rather than hoard his money until things looked sunnier. Still, I'm sure that he, as John Templeton famously preached, knew that prices are usually their lowest when things look their worst.

The corollary is that prices are usually their highest when things look their sunniest, as during early 2000. The political shadow makers were talking about Washington running surpluses that would allow it to pay off the federal debt. The financial shadow makers were talking about the "automatic" riches to be made in internet stocks as the Dow streaked toward 36,000, or even 100,000. So investors were telling the Paine Webber annual survey they expected to make 18%

annually during the coming decade. But of course, when the market bottomed in March 2009, surveys revealed investors were their most pessimistic in history.

So how do you know in our media saturated world who is being prophetic and who is selling shadows? Begin by reflecting on Jeremiah 11 and 12. They talk about the plots on Jeremiah's life just before he asks God why wicked men always prosper and succeed on this earth. Then remember Jesus' caution to religious leaders to be careful when everyone speaks well of them as our Gospel of love is irritating to both those who want to fearfully hoard and/or greedily get rich quick. That is, Christianity's hard but most enriching truth is that popular, successful shadow makers are very rarely prophets.

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See www.financialseminary.org.