

Kingdom Economics: The Lord's Provision Doesn't Depend on the State of the Economy

The Bureau of Labor Statistics (BLS) released the April employment report and the March JOLTS report (job openings and labor turnover survey). The unemployment rate was unchanged at 3.6%, total payrolls were constant at 406K, and private payrolls fell 18K. The participation rate fell to 62.2% as workers left the workforce.

The JOLTS report showed a record high million quits and million job openings. Employee wages are falling behind inflation, and workers are quitting their current jobs in search of higher pay with labor shortage assurances that they will be able to find another job. The labor churn is increasing inflation and inflationary expectations, as well as straining small businesses particularly.

The biggest economic news of the past week was the Federal Reserve's (Fed's) announcement of an expected 0.5% increase in the federal funds rate. The increase moves the federal funds rate to % and the prime interest rate to 4.0%. The 0.5% increases were expected to continue for three months. Federal Reserve Chairman Jerome Powell also announced the reduction of their balance sheet by nearly \$50 billion for the next three months and then increasing it to nearly \$100 billion per month for months following.

The markets viewed the Fed announcement as dovish. After the announcement, the Dow Jones Industrial Average, S&P 500 and NASDAQ averages all jumped close to 3%, gold and commodities increased, and the interest rates on U.S. bonds increased. But overnight, after the markets digested what uncontrolled inflation would mean for business, labor and the economy, the

stock markets fell sharply for the balance of the week.

We may get a reprieve in inflation for the next three months or so, but not because of the Fed's announced plans. Last year's inflation, as measured by the Consumer Price Index (CPI), was relatively low for January, February and March. The next CPI estimate will be compared to a significantly higher inflation number from a year ago, which makes inflation for this year appear lower.

In my opinion, the Fed's current announced policies are insufficient to control inflation. Eventually the Fed will be forced to control inflation. But the longer that inflation is uncontrolled, the more difficult and costly it will be to control. Inflationary expectations are a major source of inflation, and they usually come down slowly. Until the Fed matches strong words with strong actions, prices will go up, up and away.

Chairman Powell also indicated that recession was not on the horizon. I sincerely hope he is correct. But many analysts, I concluded, believe that it will be impossible to control inflation without a recession. The Fed is too far behind and is doing too little. We are already seeing a wage-price spiral.

Larry Summers, who served as Treasury Secretary under President Clinton and director of the National Economic Council under President Obama, said, "If you look at history, there has never been a moment when inflation was above 4% and unemployment was below 5% when we did not have a recession within the next two years." Both of those conditions have long been met.

Citizens of the kingdom of God are different from people of the world. We are in the world but not of the world. We are citizens of the United States or our respective countries, but our true citizenship is in heaven, seated in heavenly places.

Citizens in the world depend on the strength of their respective economies, the prosperity of their businesses and the size of their incomes. But in contrast, our futures depend upon our relationship with our King and our faith.

Since we are currently living in the world, we will sometimes face the challenges of debt, unemployment, health concerns, relationship issues, accidents and discouragement. But the Lord told us that if we have just a little faith, we can move mountains, which would include the mountains of adversity. In fact, He said that nothing will be impossible for us.

“If you have faith the size of a mustard seed, you will say to this mountain, ‘Move from here to there,’ and it will move; and nothing will be impossible for you” (Matt. 17:20, NASB).

The Bible contains many examples of God working supernaturally to change economic circumstances. In 2 Kings 4:1-7 we read about a widow who was in debt and in danger of losing her children. But the word of the Lord, through Elisha, told her to borrow many jars and fill them with her single jar of oil. God multiplied the oil. Elisha told the woman to sell the oil, pay her debts and live on the rest.

“So she came and told the man of God. And he said, ‘Go, sell the oil and pay your debt, and you and your sons can live on the rest’” (2 Kings 4:7, NASB).

In Genesis 26:1-13, in the middle of a famine the Lord told Isaac to not go to Egypt but to stay in the land where God told him, saying He would be with him and bless him. I suspect that Isaac’s mind was telling him to move to where there was food, but instead he was obedient to the Lord. The Lord was faithful, and Isaac’s obedience resulted in him becoming wealthy.

“Now Isaac sowed in that land and reaped in the same year a hundred times as much. And the LORD blessed him, and the man became rich, and continued to grow richer until he became very

wealthy” (Gen. 26:12-13, NASB).

The Lord’s provision for His children does not depend on the state of the economy, geopolitical events, your job or anything else. He simply asks us to seek His kingdom and righteousness first. Provision is promised. He is always faithful. For the kingdom citizen, the future can always be up, up and away.

“But seek first His kingdom and His righteousness, and all these things will be provided to you. So do not worry about tomorrow” (Matt. 6:33-34a, NASB).

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