Kingdom Economics: Greater Things Are Coming for God’s Children

U.S. inflation is the highest in 40 years. February inflation for producers is 10% per year, while consumer inflation is 7.9%.

Sustained higher general price increases are vicious. Inflation acts like a tax on the poor and middle class while the rich are often able to mitigate its impacts. People with fixed incomes, such as the poor and elderly, are particularly vulnerable.

Inflation could also be dangerous for an economy. Expectations can cause a cycle of ever-increasing inflation. If prices are expected to be higher tomorrow, consumers will buy today, which pushes today’s prices higher, causing higher price expectations for tomorrow. The cycle continues until inflationary expectations are broken. Left uncontrolled inflation can destroy economies. In 1990, inflation in Zimbabwe reached 557% per year.

To reduce inflation, the Federal Reserve must reduce the money supply. It has indicated that it will increase interest rates (via the federal funds rate) and reduce its balance sheet. Unfortunately, any reduction in the money supply will also slow the economy.

At the last meeting, the Fed raised the federal funds rate by %. The Fed projects that the federal funds rate will be 1.9% and the personal consumption expenditure (PCE) inflation rate 4.3% by the end of the year. They also announced that they will begin reducing their nearly $9 trillion balance sheet in future meetings.

Many argue that the Federal Reserve is too timid in fighting inflation. According to Dr. Larry Summers, the central bank begins to break inflationary expectations when the federal funds rate is about 5% above inflation. Using this rationale, the current rate should be 9.3%. When fighting 1980s inflation, the federal funds rate hit 20%.

A dovish attitude in fighting inflation increases the odds of a hard landing. Specifically, that higher inflation and/or catch-up actions by the central bank will cause a recession. Based on current conditions, I expect greater inflation and a stagnant economy, aka stagflation.

But members of the kingdom are different. The Lord didn't promise us that we can avoid life's problems, but He did promise that we can overcome. He promised us peace in times of fear and anxiety, hope in times of despair, protection in times of danger and abundance in times of scarcity.

The enemy has been active. Inflation steals purchasing power as our dollar buys less and less. War, crime and disease cut lives short. Many of today's leaders attempt to destroy our freedoms, liberties and Judeo-Christian traditions. But thanks be to God, Jesus came to give us an abundant life. He is active today as our Good Shepherd to patiently lead, guide and protect us through these troubling times to victory.

"The thief comes only to steal and kill and destroy; I came so that they would have life and have it abundantly. I am the good shepherd" (John 10:10-11a, NASB 2020).

The enemy attempts to convince us that more calamity, despair, anxiety and death are coming. But we know differently. We are sons and daughters of God. We overcome because He who is in us is greater than he who is in the world. We know the Lord's voice, and we follow Him.

"You are from God, little children, and have overcome them; because greater is He who is in you than he who is in the world. They are from the world; therefore, they speak as from the world, and the world listens to them. We are from God" (1 John 4:4-6, NASB 2020).

The enemy also attempts to convince us that we are outnumbered. Media usually highlight the worst of humanity. Many people that you will never see on the news are caring, loving and compassionate. Many are strong believers full of faith.

"And he said, 'Do not be afraid, for those who are with us are greater than those who are with them'" (2 Kings 6:16, NASB 2020).

As victorious citizens of the kingdom of God, greater is coming. Greater righteousness, peace, joy, abundance, love, commitment, fruit, anointing and power. Greater is coming because our God is greater. Let us use this time to glorify our Father, to bless others and expand the kingdom. {eoa}

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