

Kingdom Economics: A Strong and Easy Way to Improve Your Christian Witness

Inflation moderated a little during the month of July. Consumer inflation fell from 8.7% to 8.5%. Producer inflation fell from 11.3% to 9.8%. PCE (Personal Consumption Expenditures) fell from 6.8% to 6.3%. Although inflation was slightly lower for one month, it is still the second highest inflation rate in 40 years. The battle is far from over.

Demand pull inflation is when aggregate demand increases. The rightward shift of demand causes higher inflation and a stronger economy. Causes of demand-pull inflation include increased government expenditures, lower consumer taxes, higher inflationary expectations, and/or increasing the money supply. Tools to fight demand pull inflation include reversing any of the listed causal factors.

Supply-push inflation is when aggregate supply decreases. The leftward shift of supply causes higher inflation and a slowing economy. Causal factors include increased business costs from higher business taxes, more regulations, higher wages or other input costs, drought, higher inflationary expectations, and/or supply chain problems.

The Federal Reserve can slow inflation (with a significant lag) by reducing the money supply and increasing interest rates, both of which slow the economy. The Federal Reserve was slow to the inflation fight. For months they claimed that current inflation was transitory. While finally admitting their error, hindsight shows that they were still slow to act with the kind of resolve necessary to manage inflation. Many did not consider the Fed to be a trustworthy warrior in fighting inflation.

Since spring the Fed has been fighting inflation by raising interest rates. Chairman Powell has insisted that inflation is the number one goal of the Fed (which it should be in this writer's opinion) and that it will do what is necessary to control it. But when inflation moderated a little in July and because of the Fed's diminished trustworthiness, many analysts speculated that the Fed was reversing positions.

Last Friday, Chairman Power spoke at a much-anticipated Jackson Hole Economic Symposium. In a short ten minutes, he convinced many that the Fed was going to be in the inflation battle until they reached their 2% inflation target. He correctly said that reducing inflation would likely require a sustained period of below-trend growth but that failure to control inflation would be even more painful. The trustworthiness of the Fed increased in that ten-minute speech, but the Dow Jones Industrial Average fell by more than one thousand points with new expectations of higher interest rates and a slowing economy.

Uncontrolled inflation is one of the most dangerous enemies which a country can face. If people expect higher prices tomorrow, many will speed up their purchases and some will hoard items, which will cause higher prices and expectations to tomorrow. Left uncontrolled, hyper-inflation can develop which could cause an economy to collapse. Unfortunately, controlling inflation is never without pain.

As kingdom citizens, we have a special responsibility to be trustworthy. The dictionary gives the following synonyms for trustworthy: truthful, honest, loyal, faithful, sure, well-founded, sincere, candid, undisguised, impartial, and unchangeable. If we fail to be trustworthy, our Christian message, which today's world so desperately needs, is unlikely to find as many receptive ears.

"This is the way any person is to regard us: as servants of Christ and stewards of the mysteries of God. In this case,

moreover, it is required of stewards that one be found trustworthy” (1 Corinthians 4:1-2, NASB 2020).

We have a sacred responsibility to share Christ and His Kingdom in word and deed in all our spheres of influence. Jesus taught that we are to be a light to the world. Our world of influence can include family, religion, business, politics, education, media, and the arts. To be effective witnesses, we must be trustworthy; to the Lord, to our families, and to those whom the Lord has placed in our paths. Being trustworthy earns respect, but not necessarily agreement.

“You are the light of the world. A city set on a hill cannot be hidden; ...Your light must shine before people in such a way that they may see your good works, and glorify your Father who is in heaven.” (Matthew 5:14,16 NASB 2020).

The following principles will help us to be trustworthy. Faith, prayer, empowerment of the scriptures, empowerment of the Holy Spirit, and the burning desire to be effective witnesses will enable us to be successful.

Be a man or woman of your word. Be truthful, even if the truth is personally embarrassing or not in your best interest for the short run. The truth will always be in everyone’s best interest long-run. The respect generated by your unflinching effort to always tell the truth plows fertile soil to talk about more eternal subjects.

Accept responsibility for failure. If you fall short, accept the responsibility of the shortcoming, learn from the experience, and try to do better. With faith and prayer, failure is only temporary.

Treat others with respect. Don’t gossip, show respect to everyone in both public and private settings, celebrate with the success of others, and give an encouraging word when others fall short. Keep confidences.

Be responsible. Give your best effort. Show up on time, do more than you are asked to do, and stay late when necessary.

Be ethical. Model the highest level of ethical behavior. If you have a position of responsibility, teach, expect, and model ethical behavior. If you do not have a position of responsibility, refuse to compromise your ethics regardless of pressure to do so.

“The works of His hands are truth and justice; all His precepts are trustworthy.” (Psalms 111:7, NASB 2020).

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