

RECONCILIATION REPORT

Our Debt Habit: Bailing Out



We Americans have spent ourselves into bondage. Our budget deficit more than doubled from \$162 billion in 2007 to \$455 billion by October 2008, and is estimated to be \$1.2 trillion dollars for 2009--while some bond traders expect new US bond debt to push this deficit to \$2 trillion.¹ President-elect Obama recently said that unless there is "a change in the way that Washington does business," we can expect "trillion-dollar deficits for years to come."² Our national debt is over \$10.6 trillion dollars now.³ Despite the 2008 deficit, congress voted \$700 billion (that we don't

have) in the Troubled Assets Relief Program in October 2008 to stabilize failing banks in the US.⁴ House Democrats are proposing still another unfunded \$825 billion stimulus package in January 2009.⁵

Government should try to help its citizens. China is spending \$586 billion inside China to counteract the effects of the recession in countries importing her goods.⁶ The difference is that China has approximately \$1.9 trillion dollars in savings--the globe's largest national reserve-- and accumulates over \$1 billion dollars a day in surplus trade dollars.⁷ They can afford it because the government is disciplined enough to spend

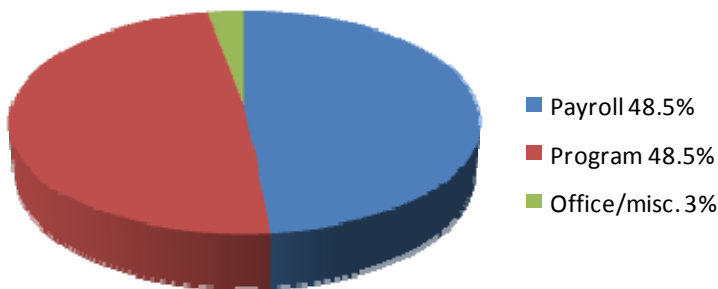
only half of its national production.⁸ They have invested many of those dollars, as many as \$800 billion⁹, into US Treasury Notes, in effect bank-rolling our deficits and bailouts.¹⁰ Business professor Peter Morici testified during the November 2008 auto bailout hearings, "In the end, Beijing is gonna become Obama's banker."¹¹ Beijing already is our prime banker, owning more of US debt than any other nation--about ten percent.¹²

As individuals we have not saved. Since 2000 average personal savings has been less than 3%.¹³ Personal savings levels in China are estimated at between 30 and 40 percent.¹⁴ The credit crisis was triggered when the housing credit bubble burst. People tried to get into too much house, encouraged by low interest rates. Lenders were eager to earn commissions even on shaky mortgages. Companies that purchased sub-prime mortgages, and bundled and sold them as bonds, rewarded sales with huge bonuses. Bond rating companies, whose income comes from those selling bonds, neglected to downgrade bonds that were over-rated, keeping sales going.¹⁵ When sub-prime mortgages defaulted and

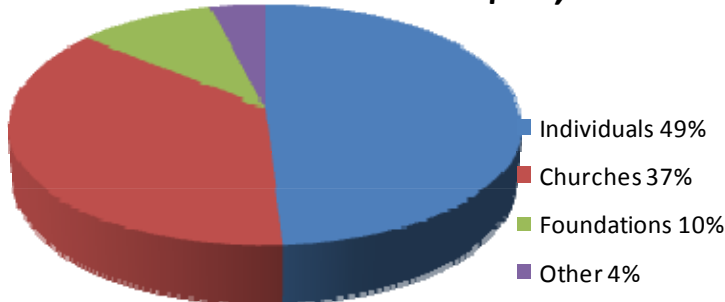
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2008 RMNI Expenses \$97,374



2008 RMNI Income \$96,216



(We did not go into debt. Income was carried over from 2007.)

housing prices fell, creating more defaults, the ground shook.¹⁶ Globally stocks lost 48 percent in 2008, and \$6.9 trillion was wiped out in the US stock market.¹⁷ What are the causes of the current economic crisis? People's Bank of China's governor Zhou Xiaochuan nailed them: "US overspending and heavy reliance on debt."¹⁸

What biblical principles have Americans broken? We consider debt to be normal and acceptable. Biblically, debt is bondage: "The rich rule over the poor, and the borrower is servant to the lender" (Prov. 22:7, NIV). God's blessing upon Israel for obedience included: "You will lend to many nations but will borrow from none." (Dt. 28:12). For disobedience: "[The alien] will lend to you, but you will not lend to him. He will be the head, but you will be the tail" (Dt. 28:44). America is a tail--a net debtor nation.

Many of us have been discontent, and are on a credit habit. "Keep your lives free from the love of money and be content with what you have, because God has said, 'Never will I leave you; never will I forsake you.'" (Heb. 13:5). We have relied upon Master Card, instead of the Master. God does not call riches a "great gain," but contentment, with godliness (1 Tim. 6:6). We have become foolish, devouring all we have (Prov. 21:20b), not saving for inevitable trouble (Prov. 22:3). We have been greedy--borrowers and lenders alike. God equates greed with idolatry (Eph. 5:5). We have not grown capitol little by little (Prov. 13:11), but have borrowed capitol. God's principles are the earth's inerascable operating system, and work--even if an officially atheistic China employs some of them.

What are consequences of our irresponsibility? We have not exercised the moral or political will to pay our debts, putting an intolerable burden upon our children, estimated currently at about \$35,000 per American.¹⁹ Our "solution"? Quickly spend massive amounts of more borrowed money so we don't feel the pain. Problems generated by massive debt cannot be eliminated by more massive debt. This "necessity" is at best myopic and at worst, cowardly. Current administrations will not be around to repay.

China can now control the US economy if she chooses. A mention from Chinese that they may buy less US debt creates "brief panics" on foreign exchange markets.²⁰ James Fallows, a journalist living in China wrote, "Without China's billion dollars a day [their trade surplus invested in US debt], the United States could not keep its economy stable or spare the dollar from collapse." The Chinese have recently reduced US debt purchases to spend more on their own nation.²¹ If the US and China lock horns, perhaps over Taiwan, China has tremendous economic leverage. If we simply print bills, instead of borrowing them, we can expect inflation. In 2008 we spent over \$451 billion just on interest on the national debt²²—before the \$700 billion bailout. The Government Accounting Office says that we cannot fund projected costs of *current* federal programs.²³ If our economy goes under, so will our military.

What can we do? Vote for courageous officials who will eliminate, not manage, our national debt. Refuse "bailouts" as the solution. Accept the pain of paying off the debt in our lifetime. Stop taxing savings—instead provide incentives. Tie new federal spending to raising new income to pay for it ("sequestering").²⁴ Be content within the circle of God's provision. Become totally debt-free and build up a cash emergency fund. *Consumer Reports* now recommends paying off the home mortgage as the best current investment.²⁵ To keep your job Thomas Friedman advises becoming "untouchable" to your employer--someone whose job "cannot be outsourced."²⁶ Pray that God will grant a spiritual awakening to our nation--turning us from blind self-destruction—and that He will reveal our idolatry. Pray that our leaders will receive and follow godly wisdom.

Jim Sutherland



Footnotes:

- 1 Lori Montgomery, "Obama: Trillion-Dollar Deficits 'for Years to Come,'" 1/6/09 www.washingtonpost.com/wp-dyn/content/article/2009/01/06/AR2009010602849.html , accessed 1/14/09
- 2 Ibid.
- 3 www.brillig.com/debt_clock/ , accessed 1/13/09
- 4 The US fiscal year ends in September. http://en.wikipedia.org/wiki/Emergency_Economic_Stabilization_Act_of_2008, accessed 1/14/09
- 5 Andrew Taylor, "House Democrats propose \$825 billion stimulus bill," AP, 1/15/09 http://news.yahoo.com/s/ap/20090115/ap_on_go_co/obama_stimulus accessed 1/16/09
- 6 "China's economy leapfrogs Germany," BBC News, 1/14/09 <http://news.bbc.co.uk/2/hi/business/7829230.stm>
- 7 James Fallows, "The \$1.4 Trillion Question," The Atlantic Online, <http://www.theatlantic.com/doc/200801/fallows-chinese-dollars>, accessed 1/14/09
- 8 Ibid.
- 9 "China Tops Japan in U.S. Debt Holdings," WashingtonPost.com www.washingtonpost.com/wp-dyn/content/article/2008/11/18/AR2008111803558.html accessed 1/13/09
- 10 Ibid.
- 11 "Economists Warn Against Feeding 'Trillion-Dollar Deficits'," FoxNews, 1/7/09 www.foxnews.com/politics/2009/01/07/does-end-economists-warn-feeding-trillion-dollar-deficits/
- 12 "China Tops Japan in U.S. Debt Holdings"
- 13 Bureau of Economic Analysis, "National Economic Accounts," updated 12/12/08 www.bea.gov/briefm/saving.htm , accessed 1/14/09
- 14 "Economists defend China's high savings rate," 1/7/09, ChinaDaily.com www.chinadaily.com.cn/bizchina/2009-01/07/content_7375620.htm
- 15 "Credit Crisis: the Essentials," *New York Times* http://topics.nytimes.com/topics/reference/timestopics/subjects/c/credit_crisis/index.html
- 16 Ibid.
- 17 "Renae Merle, "Wall Street's Final '08 Toll: \$6.9 Trillion Wiped Out," WashingtonPost.com, 1/1/09 www.washingtonpost.com/wp-dyn/content/article/2008/12/31/AR2008123101083.html accessed 1/15/09.
- 18 "Economists defend..." ChinaDaily.com, 1/7/09
- 19 www.brillig.com/debt_clock/ accessed 1/15/09
- 20 James Fallows
- 21 "China Tops Japan in U.S. Debt Holdings"
- 22 www.treasurydirect.gov/govt/reports/ir/ir_expense.htm accessed 1/16/09
- 23 www.gao.gov/financial/citizensguide2008.pdf , p. 2, accessed 1/16/09
- 24 Lori Montgomery
- 25 "Rebuild your nest egg," *Consumer Reports*, 74:2, Feb. 2009, p. 20.
- 26 Thomas L. Friedman, *The World Is Flat: A brief history of the twenty-first century*, 2005, ISBN: 0374292884, p. 238. "Untouchability" is attained by becoming "special", "specialized," "anchored," or "really adaptable."



Southern Sudan/ Uganda Ministry March 7-21, 2009

1. We still have room on this fourth ministry trip to Southern Sudan. Christians with gifts in teaching, preaching, evangelism and service are especially needed, as well as Christians with vocational medical skills. We'll also serve for three days in Uganda. We serve in a very needy area.
2. The fee is \$3,500, a 10% reduction over last year. Please go to www.rmni.org/global-and-short-term-missions/sudan.html for complete information, and call 423-822-1091 with any questions. \$1,600 is due Feb. 4, 2009. If you're interested please don't delay.

2008

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Mobilizing the African American Church for Global Mission

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I'm grateful to all who prayed for ministry opportunities. 2008 was probably the busiest year of ministry in the last thirty, with three overseas trips and six workshops outside Chattanooga. The teams to Sudan and India were stellar—able veterans who served selflessly. Three regular volunteers in our housing project ministry have also been outstanding, together with Andre Henderson, who is totally blind, and who traveled three times from California to work with us. We have a great board of directors, providing oversight, insight and accountability. Life is short and the Lord has been gracious. So far 2009 has not let up, but we had an excellent Christmas celebration with family and the rare gift of a Florida condo for six days. My view of missions is considerably altered and encouraged by what I've seen in Uttar Pradesh, India and eastern China.

By God's grace 80 professed faith in Christ in S. Sudan and Uganda. Our website has received about 67,000 visits in the past 12 months (942,000 hits) and has recently been upgraded by Walt Robertson and William Wade. Www.AfAmMissionManifesto.org was brought online. Five new PowerPoint presentations were developed. About 5,440 student hours of teaching (60 minutes teaching of one person = 1 student hour) was provided through RMNI teachers. There were 17 debt/budget counseling sessions, and 48 inner city ministry occasions. Relationships are strengthening with Christian leaders at the Westside housing project.

For anything at all accomplished we're thankful for God's mercy, and invite you to join with us in ministry in 2009. Please ask God to condescend to use us in the coming year. Thank you. JS



Prayer and Praise

↑ Please pray for God's direction for a second overseas ministry trip and for God's blessing on the planned Sudan trip in March.

↑ We need wisdom as we encourage and help equip local Christian leaders at the Westside housing project.

↑ Ask God to invigorate and empower the African American missions movement at Columbia Int'l Univ. Jan. 22-24. RMNI will have a work-

shop on global mission trends.

↑ Please pray that God will use us to teach in 2009.

↑ Pray for many who need jobs, including two longtime RMNI friends.

↑ With all the other opportunities in 2008, the AfAm missionary census wasn't completed. Please pray for completion in 2009.

↑ Pray for wisdom for Rochelle as she tries to

organize AfAm missions mobilizers. RMNI is assisting through our website.

↑ Kippy is in jail, perhaps for at least one year. Pray that he'll draw close to God and get his GED. Deon and Marcus need to get their lives in order.

↑ Son Tim Sutherland has passed his Professional Engineer exam in mechanical engineering.

↑ Power in spiritual warfare.