

ISSUES IN PERSPECTIVE

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PERSPECTIVE NUMBER ONE

THE CULTURE OF DEBT IN AMERICA

In his *Autobiography*, Ben Franklin explains that he molded his career with a set of resolutions that he drafted as a young man. He sums up those resolutions as a list of virtues that he believed led to moral perfection: temperance, silence, order, resolution, frugality, industry, sincerity, justice, moderation, cleanliness, tranquility, chastity and humility.

As Edmund Morgan has argued, “Franklin was raised in Boston at a time when moral perfection meant absolute obedience in mind and deed to all of God’s commands.” Only Jesus had ever attained such perfection but Franklin believed that Americans must work toward these virtues to achieve the “good life.” He also believed that one could achieve these moral perfections through discipline and self control, which then brought rewards in this world, not the next. Franklin epitomized the America of the 18th century and into the 19th. Although Franklin was not a Christian as we would define it, he epitomized the contrast between the civilization being built in America and the one in aristocratic Europe. Today, many of these virtues are mocked in America. Yet, when one studies them, they match rather nicely with the virtues associated with biblical Christianity.

In this *Perspective*, I want to focus on the virtues of frugality and moderation. David Brooks comments that “The United States has been an affluent nation since its founding. But the country was, by and large, not corrupted by wealth. For centuries, it remained industrious, ambitious and frugal.” But over the last few decades that has changed—and radically. He writes that the “social norms and institutions that encouraged frugality and spending what you earn have been undermined. The institutions that encourage debt and living for the moment have been strengthened. . . . But the most rampant decadence today is financial decadence, the trampling of decent norms about how to use and harness money.” For that reason, 62 scholars have signed on to a report by the Institute for American Values called “For a New Thrift: Confronting the Debt Culture.”

According to this report, two major developments have resulted from this deterioration of financial mores and frugal behavior:

1. There has been an explosion of debt that inhibits social mobility and ruins lives. One example: Between 1989 and 2001, credit-card debt nearly tripled, soaring from \$238 billion to \$692 billion. By the end of 2007, it was a staggering \$937 billion.

2. There is now a stark financial polarization. There is the “investor class,” which has access to tax-deferred savings plans, etc. And then there is the “lottery class,” which has little access to such tax-deferred plans but does have access to payday lenders, credit cards and lottery agents. Further, when the social inhibitions that have guided financial behavior are gone and when an attitude of spend and borrow now for the good life reigns, we are cultivating disaster. We have been passionate as a civilization about protecting the environment and inhaling tobacco. However, the US is not socially conscious or sensitive about money and debt.

Who is to blame? Brooks spreads the blame all around the culture:

1. State governments hawk their lottery products, one on which 20% of Americans spend about \$60 billion per year. This is not only stupid, it is regressive, for the very people who buy lottery tickets are those less able to afford it. It is ethically reprehensible, for the “government, the guardian of order, [is] telling people that they don’t have to work to build for the future. They can strike it rich for nothing.”
2. “Payday lenders” offer fast cash at absurdly high interest rates to 15 million people each month.
3. Credit card companies target the young and vulnerable—55% of students in their final year of college carry 4 or 5 credit cards!!
4. The US Congress and the President now consider it standard operating procedure to borrow and place the burden of paying the debt onto the next generation!

So, what do we do? First of all, the nation must return to the virtues that Franklin promoted. Discipline and self control are virtues equally promoted in the New Testament. American culture has a live-for-the-moment-mentality that drives this culture of debt. This must be checked or we will self-destruct as a civilization. For that reason, Barbara Dafoe Whitehead has argued that we must raise the public consciousness about debt the way anti-smoking activists did two decades ago. It, to a great extent, has worked. She also suggests that institutions that already exist or that need to exist promote thrift and frugality. I can think of two institutions that can be most effective—the church and the school system. Basic to any Christian worldview is good stewardship: Because everything belongs to God, we must be good stewards of everything, including our finances. Thrift and frugality are basic to that worldview. Further, the school system should stress and emphasize at all levels thrift and frugality. This civilization must make it respectable once again to save for the future. At every level we must enforce and reinforce the virtues of frugality and thrift. If we do not, we will have mortgaged our future to our grandchildren, and the Peoples Bank of China and the Middle Eastern oil barons will own the US. Proverbs 24:31-34 and 30:25 must be the watchword of this new national consciousness. It is not too late, but we can delay no longer!

See Edmund Morgan’s wonderful summary of Franklin’s 13 virtues in the *New York Times* (31 December 2002) and David Brooks’ in the same paper (10 June 2008).

PERSPECTIVE NUMBER TWO

AMERICAN PRIORITIES REDUX

As I mentioned last week on *Issues*, I believe very strongly that the United States is suffering from an acute lack of leadership—at almost all levels of government, but especially at the national level. This is most evident in the absence of any meaningful energy policy. Several additional thoughts on this tragic reality:

- First, permit me a few additional comments about our lack of a meaningful energy policy. Daniel Henninger of the *Wall Street Journal* recently commented on the stark contrast between the US and Brazil. In November, Brazil discovered that billions of barrels of oil lie beneath the Santos Basin, 180 miles offshore from Rio de Janeiro and Sao Paulo. The US has known for decades that at least 8.5 billion proven barrels of oil sit off its Pacific, Atlantic and Gulf coasts, with the Interior Department estimating 86 billion barrels of undiscovered oil. The contrast is that Brazil is ready and eager to exploit this find for the benefit of its nation. Henninger writes: “At this point in time, is there another country on the face of the earth that would possess the oil and gas reserves held by the United States and refuse to exploit them? . . . We won’t drill.”
 1. California will not drill for the estimated 1.3 billion barrels of recoverable oil off its coast because of the bad memories of the 1969 spill near Santa Barbara.
 2. The US will not drill for the estimated 5.6 to 16 billion barrels of oil in the Alaskan National Wildlife Refuge (ANWR) because of caribou!
 3. In 1990, George H.W. Bush signed an order putting virtually all of the US outer continental shelf’s oil and gas reserves off limits. Bill Clinton continued that “lock up” until 2013.
 4. Off our shores in the US there are at least 60 trillion untapped cubic feet of natural gas that we cannot access because of these orders!

Here is America’s energy policy: “While Brazilians proudly embrace Petrobras [the Brazilian oil company], yelling ‘We’re Going to be No. 1,’ the US Democratic nominee for president, Barack Obama, promises to impose an ‘excess profits tax’ on American oil producers.” Henninger writes: “We live in a world in which Russia’s Vladimir Putin and Venezuela’s Hugo Chavez use their vast oil and gas reserves as instruments of state power. Here, Nancy Pelosi and Harry Reid use their control of Congress to spend a week debating a ‘climate-change bill’ . . . While other nations use their oil reserves to attain world status, we give ours up. Why shouldn’t they conclude that, long term, these people can be taken?” There is no other nation on earth sitting on such vast oil and natural gas reserves but will not drill for them!!! Instead, we are saying to the world, please drill for yours at any cost and permit us to buy it from you, because we simply will not drill for ours. Both presidential candidates are offering no solution to America’s energy needs, for both will continue to refuse to drill for the vast reserves we already have. As I stated last week, the US has no energy policy. Henninger concludes: “This is the year Americans joined the real world of energy costs [with \$4 gas]. Now someone needs to explain to them

[American citizens] why we—and we alone—are sitting on an ocean of energy and won't drill for it." See Henninger's essay in the *Wall Street Journal* (12 June 2008).

- Second, in terms of our national priorities, consider the polar bear situation. Today, because of restrictions on hunting, polar bears may be more numerous than ever and are certainly twice as numerous as they were three decades ago. But, the Interior Department of the United States government, bound by the Endangered Species Act, has declared that polar bears are a "threatened" species, the first species whose supposed jeopardy has been ascribed to global warming. The Secretary of the Interior, Dirk Kempthorne, argues that they are "threatened in the foreseeable future," by which he means 45 years! He cites the claim that sea ice is melting and computer models postulate future melting caused by human activity. George Will writes, tongue in cheek, "Now that the polar bears are wards of the government, and now that it is a legal doctrine that humans are responsible for global warming, the Endangered Species Act has acquired unlimited application. . . No one can anticipate or control the implications that judges might discover in the polar bear designation. Give litigious environmentalists a compliant judge, and the Endangered Species Act might become what New Dealers wanted the National Industrial Recovery Act of 1933 to be—authority to regulate almost everything." Will cites the conservative theorist, Friedrich Hayek, who talked of the "fatal conceit" of government—"that it can know the future's possibilities and can and should control the future's unfolding." That is what is occurring today in America: We want a government that knows the future and can control the future—how absurd! If that is the kind of government we truly want, we have bought a lie and are now willing to surrender our freedom. We are embracing the state's supervision of all dimensions of our lives, narrowing individual choice in the name of collective good, defined by the state. The declaration about the polar bear as an endangered species is a hallmark of a growing "license to intrude" on behalf of the state. Or as Will so humorously writes: "Onward, green soldiers, into preventive war on behalf of some bears who are simultaneously flourishing and 'threatened.'" See Will's essay in the *Washington Post* (22 May 2008).

PERSPECTIVE NUMBER THREE

IRAN AND THE HOLOCAUST DECLARATION

In early April, Iran announced that it was installing 6,000 more centrifuges (which produce uranium, a key ingredient of a nuclear weapon), in addition to the 3,000 already operating. The world did nothing! As I am writing this piece, President Bush is finishing his final tour of Europe, where he apparently has achieved some kind of consensus among the western European powers to place more sanctions upon Iran. Will these sanctions, assuming they are implemented, halt Iran's nuclear program? I seriously doubt it. Iran gives every evidence of pursuing uranium enrichment and the development of nuclear-capable ballistic missiles.

What shall we do? Charles Krauthammer strongly suggests that the United States employ the same foreign policy goal it did during the Cold War with the USSR—

deterrence. “During the Cold War, we were successful in preventing an attack not only on the United States but also on America’s allies. We did it by extending the American nuclear umbrella—i.e., declaring that any attack on our allies would be considered an attack on the United States.” For that reason, Krauthammer suggests that the US issue a declaration, adopting the language of President Kennedy during the Cuban Missile crisis of 1962:

“It shall be the policy of this nation to regard any nuclear attack upon Israel by Iran, or originating in Iran, as an attack by Iran on the United States, requiring a full retaliatory response upon Iran.” He adds: “As a beacon of tolerance and as leader of the free world, the United States will not permit a second Holocaust to be perpetuated upon the Jewish people.”

Why is this necessary? Because, Israel has “an implacable neighboring power [that] has openly declared genocidal intentions against it—in clear violation of the UN Charter—and is defying the international community by pursuing the means to carry out that intent. [And] the world does nothing.” Because the US and the world have failed to halt Iran’s clear goal to achieve nuclear status, the US must take the lead to deter their use of these weapons. The Holocaust Declaration is a formidable act of deterrence—in fact, the only one left!

See Krauthammer’s essay in the *Washington Post* (11 April 2008).