Maximising Redemption: God & Money

You cannot serve both God and Money.

Matthew 6:24

You can not serve both God and Money

> “No one can serve two masters. Either he will hate the one and love the other, or he will be devoted to the one and despise the other. You cannot serve both God and Money. (Matthew 6:24)

The following section focuses on the finance sectors of the global economy, not because it is any more sinful than other area. It’s just that it is easier to see the impact where businesses handle “things”. Money is ephemeral but it weaves its way throughout our economies. Like water, money can nourish but it can also destroy. Just as a wise person builds their house considering how water might impact on its structure, wise societies seek to understand how money flows to protect themselves from floods and droughts. What a lot of people don’t realize is the vulnerability of the current economic structures, nor do a lot of people realize the “blind spots” in many countries’ finance systems. There are several authors whose writings acknowledge both the viability and the sociological impacts of economic dynamics; some of my favorites are Lester Thurow, Charles Handy and Peter Senge.

Once again, trusting that my personal circumstances were known and contrived by God, there are some key lessons to be shared. One of the unrecognized risks to global well-being is the stability of the economic systems. In this and other papers, God asks for affirmation of the need to look for global solutions that take into account the needs of the neighbor and are sustainable (economically, socially, ecologically and spiritually).

For example, God asked me to leave my 17-year corporate career in 1999 to see how Australia’s Goods and Services Tax (GST) impacted the community at a local level, which was relatively easy to do because my ex-husband’s business was serving the bands which was one of the major “black cash” economies that GST was meant to fix. One of the problems with my previous day job was that it was with highly professional people (which I still love and miss to this day) but that they are often insulated from the day-to-day impact of taxation and other government policies.

The impact of GST is that it did not fix the cash economy (in my ex-husband’s sector it is bigger now than before) but also there has been a disaggregating within the private sector with a move to large (inter)national businesses or to backyard/self-employed businesses. The bottom end of the economy has a taxation advantage of not paying GST because they earn less than $50k, but the problems include under funding in renewal, insurance and income protection. The big end has no loyalty to a community and when there are greater profits to be had. Both situations lead to communities with higher income uncertainty, which in turn puts pressure of individuals and their families. It is thus no surprise that we are starting to some of the disaffected sociological problems that one would expect to see in the US (who has had a "third world" economy within its overall economy for some decades now, as exposed by hurricane Katrina).

In terms of GST and Australia, the loser has been small businesses that support 5-20 people. In the short term this might not seem to make much difference, but in the longer term Australia has handicapped a section of the economy that provides a lot of the post-school jobs (and thus basic work skills training), and the pools of jobs that enable small communities to flourish. There are important sociological reasons to have a reasonable proportion of viable small businesses within an economy. They provide regular income for those who do not have the capacity to self-manage lives (e.g. lacking intelligence, suffering disorders, squanderers of money). They also provide companionship to which assists people to build sustainable long-term relationships. (One learns to listen, share, remember birthdays, co-operate, meet deadlines, forgive, apologize, joke, network, be accountable for own conduct).

The other broader naivety is the idea of measuring economic wellbeing by the profit and loss statements. This is similar to determining the state of your car's maintenance based on the temperature gauge. The gauge can tell you if the car is overheating and in danger of damaging the engine, but it does not give you an accurate picture of the overall state of the vehicle (e.g. steering, brakes, rust).

There is a section of the world community that believe that globalization is the way forward, and we have also seen in recent years many financial institutions sprucking how they want to get third world banking and insurance systems being more profitable as part of fixing some countries' economic woes. What these self-promoters do not tell you is how they achieve their wonderful profit and loss statements. They do not tell you that there is no such thing as "enough fees", fees simply escalate and you can afford to pay them or you are no longer part of the financial system (effectively you become a "non-citizen").

Then there are the insurers who, through their actuarial studies, have disenfranchised countless people from the protection to which citizens thought they were entitled. For example, my sister has a friend living with her who can not work because she has developed an auto-immune disease, for which her insurer paid her no money for months, then paid a significant sum, and then threatened to remove that sum some months later unless she agreed to make no further claims. Similarly, I could not get income insurance because I was too high a risk, despite over 15 years continuous public service career. Apparently women in my circumstances (husbands who had borrowed against the house for their business) were too high a risk of having to take time off (this was my first objective warning that others were not coping in similar circumstances). So these global "best practice" companies have not told the unsuspecting is that the people in their countries who are most likely to need the assistance are disenfranchised by the insurers themselves.

Then there are those who use the governments to ensnare businesses and individuals, and play with the letter of the law to maximize their profit and loss statements. So when my ex-husband's workers compensation premiums nearly tripled in one year. I appealed to Work Cover and "coincidentally" got slapped with an income audit by the insurer within the week. It took six weeks to do the return, and the auditor said it was the best and most comprehensive return she had ever received. She agreed that we had been misclassified and was going to put in her report that she recommended that we be returned to our original premium level. However, when I later spoke to the insurer, they advised they were not going to lower the premium because the claim had not been submitted to Work Cover within the required three weeks. This is a double negative, submit an inadequate return and get dismissed for not having the facts correct; or submit a proper return and be denied justice on a technicality. However, technicalities form no problem for the insurers, they decided that some of our contractors were employees under the revised definition of the law (which came into effect in 1999) and then made a determination and backdated it to 1996, with interest (when the business started).

Now, I'm sorry, but as an ex-public servant, I know that legislation can not be back dated prior to its commencement date and that natural justice requires a certain amount of notice. However, that doesn't seem to affect workers compensation insurers who appear to be a law unto themselves.

Another example that goes back to the 1990s, and again many would have missed the initial warning signs is to do with funding liabilities. In the early 1990s, ripples of fear went through the world's governments when a number of government run banks and institutions became bankrupt. Because there is a naivety that economic theory of supply and demand is intrinsically good and blinkers that overlook that economic and legal structures shape the dynamics of societies' economies, the policy makers embraced the urban myth that market forces could create stable banking and superannuation systems. Thus governments disassociated themselves from the risks the banking, insurance and funding future superannuation liabilities (and also responsibility for supply of major infrastructure). There was a base assumption that the private sector would find it easier to find the money that the governments, which also included an assumption that businesses never operate at a loss and that there was always fat in the economy/business that could be "down-sized" away. All this did was change who was going to be get blamed an unsustainable paradigm, it didn't change that the ship was going to sink.

The tales of the pre-war Germany and a lifetime's saving not even buying a loaf of bread are closer than everyone thinks. An excellent example of money's value can become divorced from any meaningful value is the case study of the Dutch Tulip Madness in pps 56-63 of "Contrarian Investing" by Anthony M. Callea & William Patalon III, 1998, Prentice-Hall, which led to a crash in the mid 1600s that "…smashed the Dutch economy and transformed the country from a world power into an economic backwater" (p57).

At this point, there will probably be a few people who are upset because I've jeopardized their world paradigms. There will be people who will seek to discredit the messenger rather than investigate to see if there is any merit in the issues raised. It would be nice if at least some people do the investigations, because then they could start postulating more viable systems.