

Money: Ends and Trends

World Trend Watch—Part V: The Message of the Pair of America & Japan?

"When the Lamb opened the third seal, I heard the third living creature say, "Come!" I looked, and there before me was a black horse! Its rider was holding a pair of scales in his hand. Then I heard what sounded like a voice among the four living creatures, saying, `A quart of wheat for a day's wages, and three quarts of barley for a day's wages, and do not damage the oil and the wine!'"
(Revelation 6:5-6)

This verse describes the third of a series of four horse riders that come upon a "last day" world as the Lamb opens the first four of the seven seals. The identity or meaning of each of these four horse riders found in the Revelation account of 8:1-8 is subject to some debate. You may recall that a white horse is first released, then followed by a fiery red one, a black one, and finally a pale, ashen horse. In this article our focus is upon the black horse with the rider holding the scales. The significance of this third horse, however, finds a much wider consensus. The scales held by its rider are generally believed to signify a relationship with commerce and economics. At the time that the book of Revelation was written, scales were the equivalent to the calculators and cash registers of our day. They signified trade as they were a mainstay of barter economies, certainly so agrarian societies. The rider of the black horse confirms this connection as he quotes the prices of two grocery items — wheat and barley. A price of a day's wages for a quart of wheat and three quarts of barley reveals a cost that is highly inflated ... about 10 times the norm. The premium or luxury grocery items of oil and wine are apparently off the shopping list entirely. They weren't even to be touched ... certainly not "damaged."

Symbolized here is a time of great troubles. Gauging from the high price of food, a famine has hit the entire world. The modern day equivalent would be a massive economic depression (*not that this would exclude an actual, literal famine*). One can't be sure of the causes of these difficult times, whether runaway inflation, scarcity or a widespread financial or systemic breakdown. Whatever the case, we can conclude that it is highly probably that a massive depression strikes the world at some point in the last days. When would this happen? Why could it occur?

I should clearly state at this point that I have no firm answers, nor can I identify any specific time points. The only thing we can know for certain is that the world will suffer a massive economic collapse sometime during the Great Tribulation. The great calamities that strike the world during this time are sure to devastate commerce. According to scripture, people continue to look back upon what they consider the good times — perhaps before the Tribulation — not repenting of *"the work of their hands; they did not stop worshiping demons, and idols of gold, silver, bronze, stone and wood — idols that cannot see or hear or walk."*
(Revelation 9:20) Despite the tragedies of that day, they still will not bow down and worship God. It was the same when judgment came upon Israel following

Jeremiah's warnings. Rather than seeing that their disobedience led to God's disciplines, they longed for the immoralities and idolatries of the past, instead blaming the prophet for their ordeal.ⁱ

We recognize that we cannot know the specific time points of any of God's grand, cosmic time plan. All the same time, we are still charged to know the season. After all, Christ admonished the Pharisees and Sadduces saying "*You know how to interpret the appearance of the sky, but you cannot interpret the signs of the times.*" (Matthew 16:3) We would be remiss if we were not able to recognize the general characteristics of the time during which we live. Also, Christ repeatedly admonished us to be on watch. Nine times throughout the Gospels, Christ compels us to be on the look-out for certain signs and dangers. On those grounds, it is not unreasonable to expect that we should be able to see the world processes at work which lead to the conditions that the Bible says will exist in the "last days." Doing so, we should be able to discern the indelible marks of the spirit of the antichrist at work. Apostle John claimed to see these forces at work even in his day. (1 John 4:3) Therefore, how much more valid is this facility some two millennium later.

I say all this in preparation for this month's topic, the fifth of a ten-part World Trend Watch. Otherwise, I may stand at risk of being accused of "newspaper exegesis." It is not unreasonable to reflect upon some of the big epic trends affecting the world today and how they may fit into the prophetic timeline. It is in that spirit that we review another "top ten" money-related trend that I see on the world stage — the joint position and role of Japan and the United States in the world.

Japan Upon a Precipice

Eisuke Sakakibara, one of the few straight-talking experts on Japan's economic outlook, recently gave the opinion that while Japan has been the first economy to fall into chronic deflation, that the US and Europe were likely to follow.ⁱⁱ He is talking about developing economic depressions around the world in times ahead.

Seeing the deep underlying trends at work in the world today — rapidly declining population growth, an unprecedented chasm between the rich and poor, skyrocketing debt levels, unprecedented world-wide imbalances ... etc. — my analysis of the world is not too different from his. Of course, the major economic powers of today will not stand by idly to the threat of such unpleasant outcomes. Attempts will be made to avert them — inevitable as they may be — for as long as possible. It all makes for a very volatile and confusing time ... a time of continuing deception and intrigue.

For those who don't know, Japan has been in a deep economic slide for over 13 years.ⁱⁱⁱ Geographically, Japan may be a small country, but in commercial terms, it is the second largest economy in the world ... about 45% of the size of the US.

What is less widely known is that Japan's situation is inextricably tied with that of America. The events leading up to Japan's economic troubles that began in the late 1980s found some of their roots in North America. Without going into the economic and monetary detail of these developments, events since then have evolved into what amounts to a giant instability for the world. As Japan's economic and financial system deteriorated, and as America went deeper into debt, Japan became its largest creditor. To the Japanese, with a sinking economy and plummeting interest rates, lending money to the US was attractive. In the meantime, Japan dug itself deeper into its problems. For example, today, Japan's government is the most indebted of all the major high-income countries. For years, it has been an open secret that large parts of its financial system are technically bankrupt. So it remains today. Yet, Japan has been very adept at delaying the inevitable collapse. Doing so, it has only worsened its situation and for the world. The international monetary system is ill-equipped to cope with the strains of any potential financial collapse of Japan. Quite frankly, the ongoing saga of Japan is really quite breathtaking when one studies all of its dimensions.

What makes it all the more a dangerous powder keg, is how America's situation ties in with Japan.

Overall, the US financial situation has become very untenable in recent years, as well. America today is borrowing over 80% of the entire world's net savings on an ongoing basis. Think of it: The earth's largest and most powerful economy accounting for only 5% of the world's population, is heavily reliant upon that much credit from the rest of the world. Does this make sense for a prosperous nation which enjoys amongst the highest living standards? Wall Street's financial economists like to turn this situation on its head, suggesting that the world's willingness to lend so much money to the US is really a sign of its attractiveness and economic superiority. If so, their arguments depend upon some warped logic when it comes to debt, not to mention scripture. "*The rich rule over the poor, and the borrower is servant to the lender,*" says Proverbs 22:7. It's been a maxim that has never been violated before without consequence. Never in history has any country ever allowed itself to fall in such chronic circumstances without eventually suffering disastrous consequences.

Today, America is the world's largest debtor ... by far. The sick-man of Japan, a financial house of cards, has become its largest creditor. Japan's financial institutions and investors own a sizable portion of the US bond market. In a way, the two countries have become mutually dependent, Japan on the one hand with a shrinking economy and too much savings, the US with a population only too willing to overconsume and borrow. Caught up in the stress of their different, though mutually-reinforcing conditions, these still-wealthy nations are now the two most stingiest when it comes to helping the world's poor.^{iv}

By now you may sense why Japan and the United States are the subject of this article. Both are heading for further troubled times — eventually, if not sooner — their ailments interrelated. Both nations are highly indebted (*though not in the same way.*)^v Their government budget deficits are now the highest of all the

Western, high-income nations.^{vi} The financial imbalances of these two nations are extreme and unprecedented in the annals of modern financial history. The potential implications for the entire world are quite momentous.

Given how integrated the world's financial markets and economies have become over the past few decades, it is hardly possible that the US and other significant countries like Japan can together suffer difficult times without pulling down the rest of the world. These two nations alone account for approximately 45% of the entire world economy and one-quarter of all world trade in goods. The market liabilities of Japan and the United States together account for greater than one half of the entire world bond market.

One could justifiably conjecture that the world could be confronting the biggest, all-time, man-made global depression on record in the years ahead.

When could this happen? The only thing that I can say for certain is that it could happen ... eventually. Though I cannot tell when, as an economic observer I would guess that it can't be too far in the future. We certainly can conclude that a major economic downturn in the US and Japan will quickly cascade into a major world depression. If so, it is only logical to ponder its endtime significance.

Points to Ponder

Am I being a sensationalist? If I were making specific prediction ... perhaps. However, the possibilities that I have posed are entirely justifiable and are rooted in facts and historical precedent. I do not speak as a prophet, but as a global analyst. What I see are fearsome forces being unleashed that have no equivalent in the entirety of human history.

My point is only to frame the condition of our times. The world has progressed to the stage where the economic instabilities are so large and precarious that the conditions for the black rider carrying the scales are already in place. It is the economic equivalent to the invention of the nuclear bomb. When people read scripture that says the world will burn up and pass away, they realize that this is already possible at the hands of mankind. So it is with the Bible's prediction of a massive world depression. While it may be God himself that brings about both of these outcomes, it is fact that a prophetic fulfillment is also possible in human terms ... the endtime processes becoming clearer.

Knowing all this, what's next? Even though the time is short, we are still unable to make any reliable short-term forecasts. How much longer will the Lord wait before He metes out his justice upon an ungodly world? Will He allow a great false prosperity to sweep the world even more completely, gaining many more converts to the false promises of a materialistic realm? Or, will the Lord first allow one or more world economic depressions before the final one of the Great Tribulation? If so, God would only allow it out of a desire that none would be lost. His longsuffering nature would cause Him to graciously grant the world at least one more warning about the insecurity and temporality of the world. Economic

downturns — especially deep depressions — bring correction. Not only do they bring balance back to economies and financial markets, they usually also cause a revival in humility and faith. God often chooses to do His works of grace and discipline through adversity. No doubt about it, depressions bring pain. For many who have been pulled away from God by worldly comforts, wealth and the pursuit of prosperity, an economic depression wouldn't be a bad thing when measured across eternity. We might yet be corrected ... even saved.

One thing is sure. The rider on the black horse will come at some point. Today what we can see before our very eyes is the clear possibility of how this can all happen without divine intervention. Mankind at large is being willingly led along to this outcome. Could America and Japan figure in having produced a great economic instability in the world that could either hasten, trigger or contribute to the outcome described in Revelation 6? As we see it today, very definitely.

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ⁱ The comments of the remnant groups of Jews living in Lower and Upper Egypt after the Babylonian conquest is found in Jeremiah 44:17-18.

ⁱⁱ As quoted in Financial Times, May 23, 2003.

ⁱⁱⁱ Japan has been mired in depression-like conditions for well over a decade. Its major stock market is 70% below its 1990 peak, interest rates a less one-tenth of that time, and many of its financial institutions are technically bankrupt or insolvent.

^{iv} According to a recent report from the Centre for Global Development, of the 21 wealthy nations surveyed, the US and Japan ranked as the two least generous towards the world's poor. Reported in Foreign Policy magazine, May/June 2003.

^v The United States has high financial and consumer debt, as well a large net indebtedness to the rest of the world amounting to roughly one-fifth the size of their economy. Japan, on the other hand, has extremely high government debt.

^{vi} The Organization for Economic Cooperation and Development recently forecasts the national budget deficits of America and Japan at respectively 4.6% and 7.7% respectively for the year 2003. This is very high.