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Northern Rock's crowd-puller was no crowd pleaser. Ultimately, there's only One Rock that won't move in troubled times – do you know His Name?

The disappearing Dollar trick – Saudi oil barons are now courting the Euro. Uncle Sam-hating Iran has already switched – and the EU? No complaints!

Bottom Dollar: How the West was lost

When Mammon is calling the shots, 'in God we trust' has a hollow ring. **Colin Wilson** surveys the hazard and the hope of our fragile economies

The recent collapse in the price of Northern Rock shares has been a long time coming.

In the first half of the 20th century, and during the course of the two world conflicts, oil became the means by which both the machineries of war and economic development were driven. Following the cessations of hostilities America (the only superpower in the Western camp) came to an agreement with the Saudis (the main source of oil).

Although these countries were (and still are) ideologically opposed on every significant front, they entered a mutually-supportive pact: America would provide the protection that Saudi Arabia needed (witness the first Gulf War) and the Saudis would supply the oil to fuel America's economy and means of production.

Part of this deal involved Saudi Arabia agreeing to set and retain the dollar as the only currency it would accept in exchange for oil. (Hence the term 'petro-dollar'.) This arrangement worked well – at least for the parties concerned – for over 50 years. However, several major changes have taken place in the world's economies over the period...

While oil reserves have been found and

exploited in lands beyond the Middle East, so also has the demand for oil rocketed as less-developed nations acquired the means to catch up with the manufacturing capability of the major producers and their economies.

In this unfamiliar competitive landscape, oil consumption is now outstripping supply. The supply of oil may have peaked – it is forecast to diminish in the near future – but demand continues to grow. The 'supply/demand' gap is set to widen very substantially – possibly very quickly and dramatically.

Iran's Euros

Most recently, a new player appeared at this

high stakes table: Iran – a nation bent on bringing down America.

Since he came to power, Iran's President Mahmoud Ahmadinejad has been working assiduously to establish an alternative 'bourse' (trading floor) for the buying and selling of world oil stocks. His currency-of-choice in this alternative market place is the Euro. (This, of course, fits very nicely into the agenda of the EU which benefits from the Euro gaining greater value and credibility, while simultaneously threatening the dollar's supremacy among world currencies – and undermining the US in the process.) No surprises then when, on 18 September 2007, Iranian Deputy Economy Minister Mohammad Zahedi Vafa affirmed: "We have taken measures and now 70 percent of Iranian assets are in euros, other currencies or gold."

As major economies shift their favour to the Euro as the exchange mechanism for buying and selling oil, the once-solid link between oil and the dollar is increasingly dissolving.

The result, as more and more trading favours the Euro, will be an increase in the demand for (read 'value of') the Euro, with a knock-on erosion in the value of the dollar. **Very significantly, there is now a report of**

US National Debt has continued to increase by an average of \$1.41 billion per day since September, 2006!



the Saudis 'breaking step' with the petrodollar agreement.²

'This is a very dangerous situation for the dollar,' said Hans Redeker, currency chief at major world bank BNP Paribas. The *Telegraph* considers the news as 'signalling that the oil-rich Gulf kingdom is preparing to break the dollar currency peg in a move that risks setting off a stampede out of the dollar across the Middle East.'

About 5 years ago the US economy was struggling, but the Federal Reserve allowed the country to 'spend its way out of it' by going even deeper into debt. As one American pundit remarked: 'To prevent the bubble bursting, we created an even bigger bubble.'

The US now leads the world in terms of national debt. US National Debt has continued to increase by an average of \$1.41 billion per day since September, 2006! It does not need a PhD in Economics to understand that the American economy could easily and very quickly collapse – and America will not go down alone...

John not so Bullish

The fragility of the US economy was portrayed graphically on British TV screens as investors queued to withdraw their savings from Northern Rock – a direct effect of the reckless lending and borrowing in the 'sub-prime'³ mortgage sector in the US.

Had the borrowing been used to build up the means of production and economic capability it might not be so bad, with the prospect of an eventual return to liquidity. However most of the spending has been on bigger homes, SUVs and new kitchens.

The rub of course is that here in the UK we (with the banks' encouragement) have behaved in exactly the same way. Britain is now in third place in the world rankings (behind the US and Spain) in terms of what we owe.

So the pictures we see of worried investors queuing at the doors of Northern Rock branch offices could be a prophetic foreshadowing of what could well happen in days to come '...for in one hour such great wealth has been laid waste!'⁴

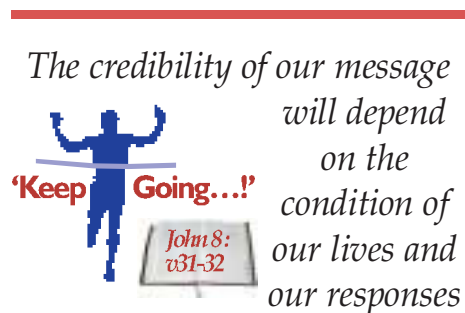
In the recent crisis, it was interesting to observe popular reactions to the Bank of England's reassurances. The more emphatic the Bank's promises to underwrite Northern Rock funds, the more jittery savers became, and the longer grew the queues. Visual testimony to the perceived fundamental insecurity of our monetary system and distrust of leaders in our financial and political institutions.

It seems that the man and woman on the street instinctively recognises that the message in all of this is that the world's economic

and financial system is extremely fragile. These fears persist. Credit Suisse strategist Adnan Kacukalic said the rebound could be short-lived with further fallout from the sub-prime mortgage scandal in the US. David Bloom, HSBC's head of currency research has said: 'If further problems beset either the Bank of England or policymakers in the UK, the situation could turn from mildly negative to a lot more serious.'⁵

The conclusion is inescapable that an 'accounting' looms. The debt is so enormous that the whole system must crash sooner or later. But how should the Christian respond?

Surely not in the 'siege/bunker' mentality that is the hallmark of some 'advice' emanating even from within Christian circles! A security based on stock holdings – whether in barns or banks – is no security at all.⁶



God's Word reveals that the pursuit of riches is always a snare: 'Whoever trusts in his riches will fall, but the righteous will thrive like a green leaf'⁷

The 'riches' we are urged to acquire are the riches of heaven: 'Do not store up for yourselves treasures on earth, where moth and rust destroy, and where thieves break in and steal. But store up for yourselves treasures in heaven, where moth and rust do not destroy, and where thieves do not break in and steal. For where your treasure is, there your heart will be also.'⁸

The money that we each have is only by God's grace – and we are to handle it wisely, avoid debt, live simply and be generous in our giving. The disciple's (so-called 'Lord's') prayer is: 'Give us each day our daily bread.' It is always worth reminding ourselves that God promises to supply our needs, but He makes no promises whatsoever to satisfy all our wants.

Seek first...

The Son of God said: '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. Therefore I tell you, do not worry about your life, what you will eat or drink; or about your body, what you will wear. Is not life more important

than food, and the body more important than clothes?

'Look at the birds of the air; they do not sow or reap or store away in barns, and yet your heavenly Father feeds them. Are you not much more valuable than they?

'Who of you by worrying can add a single hour to his life? And why do you worry about clothes? See how the lilies of the field grow. They do not labour or spin. Yet I tell you that not even Solomon in all his splendour was dressed like one of these. If that is how God clothes the grass of the field, which is here today and tomorrow is thrown into the fire, will he not much more clothe you, O you of little faith?

'So do not worry, saying, "What shall we eat?" or "What shall we drink?" or "What shall we wear?" For the pagans run after all these things, and your heavenly Father knows that you need them. But seek first his kingdom and his righteousness, and all these things will be given to you as well.'⁹

Jesus' warning is well-founded. The writer to the Hebrews set out God's intent: 'Once more I will shake not only the earth but also the heavens. The words "once more" indicate the removing of what can be shaken – that is, created things – so that what cannot be shaken may remain.'¹⁰

James also thunders a warning against the folly of trusting in material wealth for our security and poise: '... you rich people, weep and wail because of the misery that is coming upon you. Your wealth has rotted, and moths have eaten your clothes. Your gold and silver are corroded. Their corrosion will testify against you and eat your flesh like fire. You have hoarded wealth in the last days.'¹¹

For followers of Jesus, a world of uncertainty presents great opportunity to speak of the God of eternity. However we need to prepare ourselves for these critical days. The credibility of our message will depend on the condition of our lives and our responses when the false gods of our age come crashing down. In his most famous oratorio 'Messiah', Handel captured the repeating 'Hallelujah!' chorus of a great multitude of the saints. As Babylon collapsed around them, and before a despairing world, they rejoiced: 'Hallelujah! For the Lord our God, the Almighty, reigns.'¹²

1 *Daily Times*, Lahore, Pakistan; 18 Sept. 2007

2 *Telegraph* online 21 September 2007, Evans-Pritchard

3 loans which do not qualify for best interest rates due to deficient credit history

4 Revelation 18:17 (see context)

5 *Telegraph* 5 October, 2007

6 Luke 12:16-21

7 Proverbs 11:28

8 Matthew 6:19-21

9 Matthew 6:24-33

10 Hebrews 12:26-27

11 James 5:1-3

12 Revelation 19:6