

Perspectives - On Business

Volume 2, Issue 3

October 2, 2003

Religion and Wealth

Lisa Keister may have opened Pandora's Box with the release of her study of Religion and Wealth, as reported in *Social Forces* this month. The Anti-Defamation League and Columbus Jewish Federation each expressed concern about the report, per the Columbus Dispatch article on 9/25/03.

The OSU Associate Professor of Sociology's research measures many variables including family size and structure, education, and gender. As expected, there are notable differences. Some are not surprising.

Larger families, for example, spread their time, attention, and money more thinly among their children, who in turn have less financial wealth per person than smaller families. Obviously, we don't gain much practical knowledge from having that mathematical information confirmed with statistics. And, once a family has a lot of children there is little that can be done about *that*.

Potentially important and useful information emerges in this study, however. By identifying a single group, whose unique characteristics and habits regarding money management can be replicated, we can learn from their success, and pass the tips on to others.

According to the data gathered, that special group emerged as those of Jewish heritage and practice. The relative magnitude of early wealth accumulation among Jews is significant, more than four times the wealth accumulation of Conservative Protestants in this study. The facts speak for themselves. How to use them, does not.

Classic economics principles, contemporary business education, and my experience as a financial planning practitioner concur with her findings. Jews have historically emphasized study and education, kept their wealth in "transportable" or "liquid" form, meaning savings and investments, rather than real estate. Conservative Christians often purchase homes very early, have larger families, and traditionally do not accumulate financial assets early in life.

While I respect the research, I do not concur with the article's editorial conclusions that it is inherently wrong for one group of people to have more/less money than another. She refers to it as "intolerable inequity" implying that something is amiss when one group has more than another.

Her comments may be offensive to Jews and conservative Christians alike. In my experience, each group expresses reverence within their beliefs. Conservative

Christians and Jews alike happily and consistently make economic and financial choices consistent with and unique to their faiths.

Jews are rightfully tired of the envy and stereotypes that evolved because they developed money management skills when they were not permitted to own property. In my perspective, neither group can be deemed "right" or "wrong" and the wealth inequity in the U.S. between religions per se is not intolerable.

Economic inequity exists, although it is not necessarily due to religious preference. The irony, however, is that by learning from the successes of one group, and extracting the behaviors that are associated with their success, we can help those who are truly economically challenged develop their own form of economic literacy.

Had the article drawn conclusions based on the facts as revealed, the author could have avoided offending the groups she identified. Regardless, this newly confirmed information may provide useful content for those of any spiritual background (or lack thereof) who want to succeed financially.

Professor Keister has provided evidence that a part of culture, religion, can help transmit the components, the knowledge and habits of economic success. From a scientific viewpoint, this is important, and can help lay the foundation for further studies of economic behavior.

By applying her politics, and suggesting that the results are "intolerable", she misses the value in her own research. If Ms. Keister's research is motivated by the altruistic goal of eliminating economic inequity, where she falls short is in not seeing the true potential application of her discovery. If her goal is to help make the world a better place to live, a little sensitivity to stereotypes and religious bias may help people open up enough to see the results in a better light.

Go forth and prosper,
Sandra

- - -

Future Finances' Market Update

By Max Larsen

Monday, July 7, 2003

While the recession is officially over, this is the first recovery since World War II in which the number of payroll jobs has continued to fall. In all, 2.7 million payroll jobs have disappeared since the recession began in March 2001. There's little doubt that the hardest hit has been the manufacturing sector. We are constantly reminded of our dire straits by headlines such as: "Jobs vanish as U.S. textile industry unravels" (*The Columbus Dispatch*, 9-21-03) or "Productivity up 5.7%;

New Economy Miracle Has Kept Lid On Hiring" (*Investors Business Daily*, 8-9-03).

Before you think I've succumbed to a pessimistic view, let me take you back for what I find is a fascinating historical prospective.

Jobs - Part 1

Three quarters of all Americans worked on farms in 1800. Another 15% worked in farm related businesses. If we had lived at this time of our history, there is an excellent chance that we would be part of this hard-working 90%.

At the time, a farmer could harvest only half an acre of wheat a day using a scythe. In 1826 a Scotsman named Patrick Bell offered a solution to this backbreaking chore. He designed a revolutionary device for cutting wheat by scissoring it between two moving blades. The machine could slash through acres of wheat in a few hours.

What did he get for his efforts to help the farmers? A mob of laborers, fearing layoffs, promptly destroyed his device. Patrick Bell's invention was never heard about again.

It wasn't until 1834 that Robert McCormick patented a invention that could harvest an acre of wheat in an hour. Even then, he faced major problems getting acceptance for this productivity- raising tool that didn't take hold until the 1850s.

McCormick's reaper was one of many breakthroughs that helped direct millions of workers into various fields such as industry, science and the arts. Because of that, today only 2% of Americans do farm work. Productivity growth can destroy jobs (often causing wrenching changes to families and towns), but because of it, we have seen our standard of living surpass the vast majority of the world.

So, what's the lesson I have learned from this? Transitions are difficult but change can be for the better. I read some of the quotes that were used in *The Columbus Dispatch's* textile article with interest: "All I knew all my life was textiles." and "My daddy supported seven kids on a job at the cotton mill." Yes, it tugs at your heart and sells papers but it doesn't do justice to the economic reality of future prosperity.

Don't just blame our media for some of this misinformation. This month's World Trade Organization summit in Cancun brought world leaders and their supporters complaining that corn imports (to Third World countries) are driving thousands of small farmers out of business. Is that a bad thing? I guess they haven't learned what even our students in Economy 101 have.

No one likes change and some, like the disgruntled farmers in 1826, will suppress it. Yet we have to understand that in a world economy, there will always be some jobs that others can do cheaper and sometimes better. As a nation, we need to comprehend that change is inevitable and innovation and new

technology will allow us to continue to prosper. Above all, we need to remember that education is key! Not just for our children, but everyone currently working. The best insurance policy to protect your job, is to never stop learning and improving!

Jobs - Part 2

I would like to discuss some of the major benefits of having other countries grow and prosper (for example, creating markets for our goods). I have unfortunately run out of time, and probably your patience so I will continue another day.

Let me just leave you with the notion that despite the gloom and doom of those who, for political reasons, are talking down the economy's growth prospects, things look pretty good. That is not to say the stock market will return to the prosperous days of the 90s. We have had 6 months of nice gains, so please remember that corrections and fluctuations are a normal part of doing business.

Have a great week!

Thanks to friends like you who refer new business to us, our practice continues to grow.

As always, your comments and reactions are welcome. Please feel free to share this newsletter with others you think may find it interesting or useful. We respect your privacy and will not share your address with others. Click [here](#) to send a comment, to subscribe, or unsubscribe.

Sandra Heusinkveld, President
Financial Planning Perspectives, LLC
1333 Clubview Blvd. North
Columbus, OH 43235
614-785-0156 tele
614-485-0176 fax
sandra@fpperspectives.com
www.fpperspectives.com

Solutions for your approach to life.

Securities offered through FSC Securities Corporation, a registered Broker/Dealer, member NASD & SIPC.