

What is Good About the Recession?

For 4 years we have endured the roughest housing market, and the toughest overall economy since the Great Depression of the 1930s. We have witnessed first-hand the suffering, fear, and frustration among those we love, those we work with, and those in our communities and our nation. We have analyzed, charted, and bemoaned this quite enough for now.

Is There Anything Good To Say About The Recession And This Economy?

Recently I was listening online to a pastor, John Piper, addressing his congregation in Minneapolis and asking them to think about this question in light of the goodness of God and His sovereignty over all creation. While I find that an important perspective to consider, for this article I was inspired to think from another perspective - my hole deep inside the real estate industry. It will be less theological (hear him for that), nevertheless, his train of thought was valuable to adapt to my work. What good can come out of an economic collapse such as the one we are experiencing?

1. Corruption is exposed and can get rooted out

An economic crisis forces us to pause and think. As things screech to a halt it is as though someone pulls back the curtain to expose what has been going on behind the scenes for too many years. For the Ponzi-schemers like Bernie Madoff, when the music stops there are not enough chairs and they are exposed. These frauds who have been for happily bilking the likes of unsuspecting charitable organizations and retirees are finally taken down and justice is served. While he may have been the most notorious, there have been countless other scams exposed as the light finally flooded the dark corners of the marketplace.

We have also witnessed the hidden greed rampant during those intoxicating days of poorly underwritten mortgage-backed securities, the negligence of the nation's massive investment banks, and the ravenous nature of many Wall Street firms. We saw the U.S. Government bail out irresponsible large banks which then set their sights on us, their own customers! They turned us into victims because they were 'too big to fail,' but we were not. The government of the people and for the people was also found to be complicit in pervasive and reckless injustices against its own citizens through institutions such as Fannie Mae and Freddie Mac. But the ugliness of this love of money was not limited to big government, Wall Street, and big banks; we also came to see all around us the abuse of common people against other common people. If this were to continue, fester, and corrode our system from the inside out it would inevitably destroy us. It is a severe mercy that the insanity was stopped that we might root out the corruption so that people might once again prosper honestly.

2. Compassion and empathy are revived

We see, as if in the mirror of our own painful lives, what life must be like all the time, not just during a recession, for most of the people all over the world who know nothing but economic depression and who live their whole lives under corruption at every level. We are reminded that we live in the most prosperous nation on earth, but are humbled at times to taste life as others know it commonly. In our own communities at a time like this we see people we know, with hopes and dreams reduced to poverty.



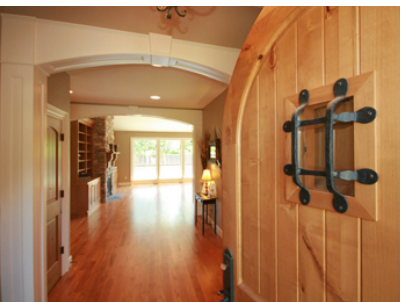
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We sympathize with our friends and family members, our neighbors and our clients, who are suffering the loss of their jobs and know the frustration of not being able to find another decent income. Seniors have lost their reserve income in the stock market and make nothing in savings because interest rates are artificially low to help the banks recover and the government pay its debts cheaply. Millions of regular people whose only equity was stored in their homes watched as it vaporized. The poor are made poorer but even the rich have lost great fortunes. Small businesses are failing at an alarming rate and this is the most important sector providing opportunity for creating wealth for the most people. When we feel the pain ourselves, we are sensitized to **empathize** with others. In this economy it is a willfully blind person who cannot see that misery has names and faces. It is a hard-hearted person who does not often feel compassion well up inside. It is good for us to feel human again.

3. Reason makes a return and we make better decisions

Prosperity is intoxicating. Intoxication compels a person by something other than reason. Human beings are amazingly subject to the herd mentality; mob behavior is never good, especially when everyone is intoxicated. When everyone is so enthusiastically running for the cliff, we assume it must be good so we irrationally find ourselves spending wildly, investing in unsound schemes, using our homes as ATM machines, and believing our destination is greater wealth and a happy future. Unfortunately we ran off the cliff with the mob. Builders greedily grabbed all the land they could find at enormous prices and constructed a lot of junk homes quickly; many are now bankrupt. Mortgage brokers welcomed everyone who could fog a mirror and about 70% of them are no longer in the business. Realtors® multiplied and enabled people to make decisions which were unprecedented; they lost their incomes for four years now. The ripple effect of this insanity throughout our entire economy is only matched by the ripple effect of the damage in its wake. When the beat of the party is loud and exciting, we cast off all restraint and waste money on toys and trinkets. We kill time, destroy relationships, and ignore priorities at an alarming rate.

But now, we witness people who are economically thoughtful, conservative and cautious. The crash has forced us to think though our lifestyles and our decisions. I rarely hear clients talk about 'my dream home' anymore. I no longer see an ever-escalating thrust for more and more amenities with all the bells and whistles which one must have to be happy. Did we really think that we could create security and happiness just by spending more and more? Did we really think that what goes up will again just go up and up some more? I think the upcoming generation will be **wiser**. They have seen what can become of foolishness; perhaps they are scared-straight. This too is a good thing for our children and our future.

4. We have been humbled

We are the most powerful economy in the world, illustrated by our ability to withstand this kind of a firestorm. We also realize through this that we are impotent even with all our stimulus and economic manipulations to stop the spiraling economy and the consequential suffering. At a time like this we get to see how fragile we

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really are. How many of these 'stress tests' on the limits of our economic strength can we endure before one day we find that our economy is permanently reduced to shambles. We are not eternal or omnipotent. We need to exercise caution. Optimistic prudence is good!

5. Perhaps we will root our joy In something more promising than things and heightened experiences?

Piper believes happiness can be found and sustained only in and by God. Whatever your worldview, we learn through these times that materialism and hedonism can fail us badly. What was once a dream can become a millstone around one's neck. From the Depression until this decade, it was true that real estate values doubled every 10-12 years, however, this will be the 'lost' decade. Good track records are only that, a look backwards; they do not guarantee the future. Happiness and value are not found in what I have. Perhaps we will re-evaluate our **values** and our goals. This too can be good.

6. Finally, good has resulted In our industry

Grounded in reality, back to the basics, reminded of the risks, we have all been chastened to espouse what is good and right and to renew a commitment to business built on proven fundamentals. In the housing industry during the prosperous years the ranks of Realtors®, builders, mortgage brokers, and others become bloated with many unprofessional people who cared only for the dollar. In the economic tsunami, these people were washed out to sea. That is not to say everyone who leaves the industry should be categorized as such. Some good people suffered the loss and injustices of this time. However, wherever the money flows freely, it will attract the wrong kind of people; a cleansing of these characters is good for us all.

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