

Business Summit

Roger Clarke

Roger Clarke, a financial advisor and analyst for the church, talked a lot about the economy and where we may be headed. As he compared trends from the 1930s, Pen Central Bankruptcy, The 70s and the 80s, he showed that although we have grown substantially since the great depression, we have encountered times of great loss and every time we do it is something new that we have never before experienced. The housing crisis that we have seen this last year is one of those new things.

The first topic Bro. Clarke covered was *how modern economies do and markets work?* Some of the conditions that are helpful for long term growth are;

- Natural resources
- Innovation
- Skilled and productive labor force
- A legal and social fabric
- A dynamic financial and economic system

He said that equity market ownership provides participation in the wealth created for an economy. We need that also for growth. However, open and competitive economies are prone to periodic downturns. That is just how it works. He then showed a chart of the S&P index starting from the 1930s to present day. It had substantial growth if you look at the chart as a whole. The downturns we experience have always been shorter term, years maybe.

Bro. Clarke also covered some key elements of economic environment:

- Monetary and Fiscal activity – What is the government doing and which are the using to control inflation and interest rates?
- Economic growth –What’s going on with employment, income, and spending?
- Inflation – How is it affected by the above two?

All of these end up having an effect on our Capital Market. Because the Fed Monetary policy helps answer the above questions, we create a beneficial economic cycle;

1. Credit availability
2. Consumption and new investment
3. Employment and wealth growth
4. Inflationary pressures from 2 and 3
5. Fed monetary policy adjusts interest rates for inflation
6. And then we are back to credit availability

Now he also covered a De-leveraging cycle that contains the opposite down spiral dealing with debt, the kind we would want to avoid. He asked what will be the impact on the Church and its members and said that the brethren are concerned but know that we will get out of it. He gave a quotes from Elder Packer and President Hinckley and gave a few pointers for “weathering the perilous times.”

- Invest in yourself
- Spend less than you earn
- Keep what you save
- Be honest in your financial affairs
- Be honest with the Lord
- Counsel with family about wise financial practices
- Strengthen faith and commitment to the Lord