

## A biblical economic reformation

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THE MEDIA COMMENTATORS HAVE TOLD THE STORY OF A CREDIT CRUNCH AND RECESSION WHICH REVIVED MEMORIES OF 1929, BUT THEY ARE NOW LOOKING TO SEE THE WORLD ECONOMY BOUNCE BACK TO THE OLD LEVELS OF 'GROWTH', BACK TOWARDS 'BUSINESS AS USUAL'.

This is really head in the sand stuff. We are in the middle of a multiple set of crises that will get worse and from which there is no escape within the economic ideologies that we are presently practising. It is both a global crisis and a severe UK one. The worldwide crises are global warming and climatic instability, peak oil and gas reserves, water and food shortages, raw material depletion, poverty, trade imbalance, an age and pensions' crisis, an insurance crisis and a Western-induced banking and investment crisis. In the UK, we have additional problems. We have largely given up on exportable production, have a distended but unproductive banking sector, heavy government debt, rapidly declining North Sea oil and, like the dollar, face a substantial fall in the value of the pound. It is quite likely that our overall income will have fallen some 20 per cent in a decade's time, with a decline in the world economy of something like half that. The Chinese, Saudi and Russian economies will be exceptions to these trends. These crises will cost millions of lives and patterns of severe disorder will emerge. Real predictions will not be much less dire than those of Joseph after the seven years of plenty (Gen 41), except we have wasted the period of prescience and no one was listening.

This position is especially difficult for the USA and the UK, the historical fulcrum of the West, because these countries owe something like a year's GDP to the rest of the world through accumulated trade deficits. As banking debt is worked through, the financial debts may be higher. It is precisely these countries which have led the world in the ideology of consumer capitalism, creating financial myths in which we will be trapped for some time. Let us examine this ideology.

### Wage, financial and consumer capitalism

*Consumer* capitalism has been the motor for this crash. Buying, credit, the rape of natural resources and the use of the world's cheapest labour has produced a bonanza of profit for capitalists and financiers. This is not a Marxist comment, but a statement of fact. Since Reagan and Thatcher the ideology has been unchecked. Really, capitalism is a subset of human greed, or the pursuit of mammon, which can occur in many different forms. Early capitalism was reflected in the slave trade and *subsistence wage* capitalism of the kind attacked by Shaftesbury and Marx. *Trade* capitalism built up fortunes out of trading profits usually backed by the dominance of empire. *Share* capitalism grew in the 1920s and then collapsed in 1929, leaving the world economy in trauma. Then *managerial* capitalism evolved, as power moved away from shareholders to employed businessmen and professionals. At the same time, *product* capitalism became widespread where one or a few firms came to dominate a product area – they hoovered up competitors into near monopolies – computer software, aircraft manufacture, burgers, oil and girls' dolls were all dominated by the few.

In the seventies, when it looked as though worker pay would actually match the elites, the rich took control, defeated the unions, and asserted the rights of unfettered capitalism by calling it 'free-market economics' and asserting the myth of 'wealth creation'. Capitalism, or institutionalised greed, took over far more fully. There were three big developments. *Global employment* capitalism tapped into the cheap labour of Asia, though the Chinese and Indians were able to retain much economic control. Near slave labour was harnessed to Western technology models to produce bonanza profits. Wholesale immigration was also allowed to keep the Western working-classes pay low. The effect of this process was to widen the gap between the high and low paid. Whereas it had tended to be about one to ten between high and low paid in Western countries, it became one to a hundred, while in relation to cheap Eastern labour it became one to a thousand or more. While one Western CEO was given a million a year, a worker might be paid £500 a year. This was preposterous, nothing to do with desert, and merely the result of exploitative economic power.

At the same time, *financial* capitalism took off. It needed two things. The first was debt and riches, and these it had in abundance. The rich elite from all of these forms of 'capitalism', had vast surplus funds, money they did not know what to do with. Throw in some aggrandising military dictators, oil wealth and profits from arms deals, the trade surpluses of Japan and China, and there was money sloshing around the world looking for places where it would give big profits. And there were plenty needing to borrow to buy houses, arms or consumer goods. Second, financial capitalism needed money creation, and this was duly provided. Beginning in the era of Thatcher and Reagan, the broader measure of the money supply was allowed to grow at about 10 per cent per annum, far above the real growth of the economy. This allowed ever-expanding credit and also gave the banks a windfall resulting from creating money electronically and using it first, called *seigniorage* by economists, a bonanza of £2 trillion in the case of the UK. This expansion has continued for 30 years. Rather than being the end of boom and bust it has merely been a big, long boom leading to a bigger longer bust.

These funds financed a credit bonanza in personal and housing credit for the masses. Advertising institutionalised coveting and credit fuelled large-scale patterns of purchasing and secured a model of consumer capitalism where people covet and buy and have to overwork in order to pay for their insatiable appetites. Meanwhile, problems of consumption occurred – stress, obesity, drunkenness, drug dependence and a thousand minor consumer addictions. Its individualism guaranteed a waste of resources – cars containing 1.5 people or security systems to prevent crime. A sizeable proportion of what we buy is bad for us, of poor quality and on its way quickly to being waste. All of this adds up to the economic failure of the West, but the worst has not been told. For global warming is the outcome of consumer capitalism and cannot be addressed through its continuance.

But capitalism also cannot allow Christianity to be taken seriously. It must pretend that it is unrealistic, or a matter of personal conscience or some charity you do after you get rich. It has airbrushed Christianity and the Bible out of public economic policy. Even the simple and obvious thought that the love of money is the root of all evil – the arms trade, drugs, slavery, pollution and so on undermines capitalism. Christians on the whole have with servility agreed to this procedure.

## The ill-discipline of economics

Meanwhile, the discipline which is supposed to address these issues has lost its way. Weber and others pointed out that the Reformation in Northern Europe – first the Netherlands, and then Britain, Switzerland and Germany – produced markets, science, stewardship of the creation, advanced animal and plant husbandry and ordinary commerce based on trust and fair dealing. The economics of this market development was biblically based in ways few economists have yet understood. Weber pointed out that vocational calling and good work sat alongside an understanding of rest and thrift. Far deeper was the recognition of working *with* God's creation, of economic life that was not money-centred, of work as service and of markets as communities of shared norms, honouring workers, reflecting quality and knowing the boundaries of market activity.

These Christian understandings reflected in Calvinism, Anabaptism and nonconformity generally were erased from most of the official history of economic thought in favour of a history which began in 1776 with Adam Smith and the Enlightenment's impoverished concepts. The norms of living before God were banished and in their place were put three major concepts. The first was the idea of self-interest as the motor of economic activity. This fitted with the selfishness of the landowners, appropriating land through enclosure and made a virtue of their greed. The second was the idea of a calculus which became the engine of choice and marginalised value and justice. Economics was not focussing on what it was *good* to do, but on marginal calculations. Third was the idea of nature, system or mechanism. The economy was conceived as functioning like a machine or mechanism. Really, this was a very crude model, and the conception of how the economy could be steered was also simple. In one era it was price, in another efficiencies of production, in another Keynesian income manipulation and in another money supply controls (remember?).

This paradigm let us down repeatedly, but neo-classical economists, really conservatives in off-white coats, tried to pretend it had some kind of scientific validity. Self-interest, or profit maximisation, was raised from greed to the status of god, our god, the god we had made, justified by the voodoo magic of 'wealth creation'. Since Thatcher and Reagan conservative economists thinking in terms of self-interest, system and calculus have dominated Western economics and pushed out Christian principles, because they have shouted loudest and had easier access to money and position, and came to dominate economic theory, though it was a dangerous and destructive myth.

## The biblical economic paradigm

The time has come for a biblical understanding of economics to be on the world economic stage. The biblical paradigm is of universal significance, and the time has come to show its weight and perspicacity in economic life again. We need to understand that the biblical text, written over thousands of years, does not provide an instant economic blueprint, but reveals God's way for us slowly and with unfolding wisdom. Joseph in the land of Egypt is shown how to address plenty and famine, to foresee crises, and other themes open up page by page (Gen 41). We also need to know something of the structure of biblical revelation, unfolding God's *creation* and our place in it, the problems of *sin* and the way of *salvation in Christ*. Salvation is both personal, as when Zacchaeus the Roman tax collector for the Jerusalem metropolis was saved, and is also societal, as he pulled out of the corrupt Roman tax system and made restitution to those he had exploited.

*God's creation:* The biblical paradigm begins with the creation and all that we are given to live with as food, energy, raw materials, water and resources. We do not exploit but we receive with thanks and use. The paradigm is of the garden producing fruit, partly through our own labour, but partly God-given. After modernism's exploitative model of relating to the environment – the word 'environment' shows man at the centre – we are having to rediscover the stewardship and care that is basic to economic life and rich living. All our resources are given by God and require long-term stewardship.

The biblical paradigm also addresses people in community, loving their neighbour as themselves and seeking fairness in transactions. The Mosaic Law – through no stealing, equal land distribution, debt forgiveness (for the poor, not rich bankers!), tithing, gleaning, Jubilee restitution and the abolition of slavery within Israel – established a stable, egalitarian economic society. There were to be no poor among the Israelites and strong accumulation of wealth was impossible. It created the foundations for good markets with just weights and balances, and eradicated exploitation by setting up a law-abiding society in which everybody was under the law. The prophets continually extended and reapplied these principles.

The biblical worldview also puts economics in its limited place. Seek first God's right or good living and material things will follow. Faith in God above all, and friendship, family, good work, rest, learning and education, justice, worship, art and music are all part of life, and money cannot buy any of them. Economics enables living, and living is not to be dominated by economics. The workaholic and the materialist person and economy are here put in their place. 'What is it worth if you gain the whole world and lose your soul?' (Mk 8.36). Jesus still requires the answer 'Nothing'. This vantage point shows the fragility of consumer capitalism. Only when value shapes money, not when money shapes value, do we live sane economic lives.

This way of living is the foundation of market economics. Markets should produce goods – not bads, addictions or maturing rubbish. They involve neighbour love, cooperation, working for the good of others, just prices and wages, thrift and the non-appropriation of economic power if they are to work well. It is the principles of good economic living (trust, the quality of goods and services, fairness, regard for others), and *not* the capitalist ideals of predation, self-centredness and using power to control, which make markets work well and grow.

*Economic sin:* As opposed to neo-classical economics, the Bible insists on economic sin as important. Sin messes up the economy and we are all economic sinners – greed, sloth, unfair, ignoring the poor – but since Reagan and Thatcher such sins have been declared virtuous. Now we see, and will see, its rotten fruits. The Bible focuses on departing from the coherence, or holiness, of life given by loving God with heart, soul, mind and work. To worship material things, or money, or work, or security is a false centre to life. The rich fool and the workaholic fool are alike misguided. Money is our creation, our tool, it serves us in our transactions and is not an end in itself. As Jesus puts it, it rots. All of these precepts leap out of the Scriptures showing us that the present centre is false. Corrupt, self-serving empires are nailed by the prophets. The weak are supported against the powerful. Of course, greedy bankers are sinners, and so are those who exploit workers. The love of money generates economic evil. Even if neo-classical economics cannot get its head round the concept, ordinary people can. There are good markets and corrupt ones, good taxes and corrupt ones, and the evaluation of economic life is basic to living it. Economic sin and evil are widespread, and everybody knows it even if capitalists and neo-classical economists close their eyes and pretend it does not exist.

*Jesus, the world's greatest economist:* We could dwell with the penetration of Jesus' teaching – exposing double standards and injustices; pointing to the generosity of God compared with our meanness; showing the economic power of meekness and contentment; deliberately undermining our ideas of economic desert. Above all, Jesus invites us not to be slaves to the economic system, but to follow him. In a world of pyramids and palaces of self-glorifying wealth, the ordinary, fair, other-person-loving economics of Jesus, full of thrift and generosity, is the ordinary economics for all of us. The Good Samaritan is the basis of the National Health Service. The meek inherit the earth. Waste can go. We do not have to be driven. God's goodness is the basis of all economic life. We realise how boring it is to serve mammon, and how much more powerful service is than greed. It is here that economics is changed.

Here mutual markets grow through trust, service, justice and interdependent love. Often Christians ignore that Paul in the second part of I Corinthians 12 is also setting out the dynamic of modern market economics. He describes in Christ how each part of the body fulfils its place, is honoured and contributes. This is the root of the modern market, not egocentric competition. A Christian understanding of markets involves thinking of others – the basis of all good products and services. It involves fairness and honest terms of exchange, and it involves honouring and paying all the other market contributors properly. Wage differentials should not conceivably be more than ten to one, and God knocks off the nought (Mt 20.1–16). It is exciting that despite neo-classical economics denying the possibility of fair-trade markets and banishing the question of justice, both are back moving close to the centre of economics and reshaping its institutions.

Now is the time that the Bible's good news of stress-free economics should be let loose on a weary world struggling with its own economic idolatries. We have good work to do and God's economic yoke sits lightly on our shoulders.

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