



Figure 1: The Economic Conversation is sourced with multiple layers of data in New Zealand, indicating reasonable health.

Part 3: Discipleship of Economic Systems

Economist Talk

Most of us have to admit that economists, to us, are a special kind of geek, who speak in gracious phrases, with English words, but in a language all of their own (No offence meant to our learned friends!!). We generally have difficulty with bills designed by accountants where numbers and columns always appear with negatives when they mean positives and vice versa. Their English words tell us we are in serious legal trouble for whatever we ought to have done that we have not done, but which is not evident in the bill. Economists add to that way of thinking a complete layer of philosophic language that is always measured and explains that if something went up, something must come down, but all things go round. .

So how can we have any kind of theological conversation?

First, they begin with some presuppositions that to them are as central as the scriptures are to Christians, but which seem far removed from our realities. If we don't grasp those, then we might be talking at cross purposes! Economics 101 doesn't help most of us as the mathematical constructs become daunting. I was able to grasp some of these when I found a good comic book explaining *Economix*. 'At a more serious level (but still with pictures), *O Livro da Economia*ⁱⁱ became one book I used to improve my Portuguese, my wife's mother tongue. R.H. Tawney, early last century updated many of Adam Smith's ideas and their relationship to Christianity. Renowned sociologist, Peter Berger, in his *Fifty Propositions about Capitalism*, is a most lucid writer on Capitalism.

Key Economic Theoretical Constructs

It is helpful to look at a few foundational premises. Frank Scrimgeourⁱⁱⁱ in some notes on *Economics, Faith and the 21st Century* identifies some elements underlying economist's thinking.

First, economic analysis highlights the observation that **economic outcomes are the results of choice and preference**. I may *prefer* apples – you may *prefer* bananas; I may *prefer* to spend more on health – you may *prefer* to spend more on education; I may *prefer* to spend more on controlling greenhouse gas emissions – you may *prefer* to spend more on reducing nitrogen contamination in waterways. These preferences may be informed to some degree by ethical convictions.

Second, **the laws of supply and demand** characterize the behaviour of people, firms, institutions and organizations. Producers face opportunity costs when seeking to increase production, and higher prices do generate a supply response. Consumers demonstrate a declining marginal willingness to pay for goods and services. The interaction of supply and demand determines the quantities and prices of goods and services, which move in predictable ways in response to changes in supply and demand.

Third, there are many **economic agents making decisions**. Individuals make decisions as members of households, as employees, managers, consumers, voters and investors. It is critical that policy advocates and policy makers recognize the participation of the all agents in the economy.

Fourth, if we ignore **externalities and time**, we may miss the most important consequences of a particular choice. Consumption constraints today may cause higher or lower consumption in future. External effects not represented in market prices may be significant, perhaps even larger than market returns.

Fifth, **economic governance** arrangements are important. Constitutional arrangements governing the Reserve Bank are arguably more important than the Bank's decisions. Similarly company law and employment law are major determinants of economic outcomes and the associated transaction costs of achieving these outcomes. Christians should **focus on institutional design** and the sets of decisions facing a company or council or government as opposed to considering each concern in isolation.

With the fourth and fifth principles particularly in mind, we may tentatively examine some New Zealand structural issues of our times.



Figure 2: *Openness of governance. New Zealand tops the global transparency ranking.*^{iv}

9. Biblical Principles & Political Economy

Jesus calls us to disciple the nations – to bring not just the people but the structures and the culture under his authority. Thus economic discipleship for those who have leadership roles in society or the church requires critiquing, changing, modifying, opposing the prevailing economic philosophies and powers, as we both bring the Kingdom and wrestle against the spiritualities and powers that oppress our society.

The first step in a *Transformational Conversation* for a nation is identifying the pain of dissonance, the discontinuities, the chaos.

The second step, is the Biblical reflections in different periods of Redemptive history in Part 1.

The third step in Part 2 has been to reflect on some issues from these Biblical Theologies.

In part 3 we reverse that process, reflecting from some national issues back to the scriptures, then looking at the action and structural outcomes to bring about Societal Transformation

We cannot grapple with the Kingdom and society without venturing into macro-economics, the economics of the structures of society, of aggregate groups of people within a society or between societies. Recently we have seen the emergence of a right-wing Republican style Christianity in the U.S. espousing extreme versions of Capitalism. A decade before that we have had Latin Americans espousing a baptised version of Marxism in Liberation Theology. In the Biblical tradition, both the classic Catholic tradition along with the mainline Protestant tradition has been critical of both Marxism and Capitalism, and have consistently spoken of a *third way* based on enabling cooperative versions of free enterprise within the framework of some forms of communal redistribution of wealth.

All of these are an important framing of a debate about the end goals of economics. But end goals are the heart of Christian ethical reflection. The Greek classical tradition calls it the *Common Good*. For Christians, the Kingdom of God defines that common good. Rauschenbush in 1916, wrote a theology of social and economic thought where the Kingdom of God was defined as the highest good. It became the source of liberal theological social agendas for the next century. While his conversion of that into a systems approach became problematic, the truth stands.

The Kingdom of God defines the common good, the highest and the best.

The following expand some of the themes we developed in the previous chapters related to (1) individual, (2) family and (3) local community finances. These are now developed into a conversation between theological principles applied to the ethics

of macro-economics at (4) national and (5) global levels. Given the complexity of macro-economic structures, such a short study can only be introductory, suggestive. Given that most of us will not become economists that is appropriate. We need to understand enough to be able to converse the gospel with the professionals, but they need to implement that gospel within their disciplines.

Liberty and Limitations to Government

There are limits to the ruling of humanity over other humans that derive from the first chapter of the scriptures. In them is defined a fundamentally different relationship between man and man, woman and woman to that of men and women to creation. The emphasis of our relationship to creation is an emphasis of management, rulership, as vice-regents, in the same manner as the Governor-General of New Zealand represents the interests of the British Crown in New Zealand. The emphasis of our social relationships is that of care, brotherhood, equality, justice.

Because we are born in his image, each person has an immortal soul and a conscience. Each person is accountable to God to be his brother's keeper. Thus, we are to develop societies that care for each one, protecting the image of God in each one, being accountable for all around us. This is love. We are to create loving societies.

During the dispute between the prophet Samuel and the people about importing the style of a Monarchy into the relatively democratic system of judges and tribes - the theocracy - in 1 & 2 Samuel, we find the prophet speaking of the dangers of centralisation of power around a monarchy, of the oppression by the monarch of the people, of the potential to enslave the people, of the increased taxation. There is a critical principle here of the diffusion of power to the people. A people is as strong as its small organisations at its base - be they small economic units, small political units, or networks of religious societies. These diffuse power and enable processes for emergence of leadership that understands the people's issues.

This is a principle violated by both Capitalism and Socialism. Across Western Capitalist nations over the last 60 years, increasing levels of taxation have fuelled growth of the governmental money supplies and taxation has risen from 5% to over 40% for most OECD countries, increasingly centralising power away from local communities. This requires resistance, a discipleship that stands against these powers, as Jesus stood against the abuses of merchandise in the temple.

Similarly the centralizing of power in multinationals (that are accountable to none except their boards and shareholders, and rarely have significant accountability as to local community consequences of their actions on the environment), is an ongoing violation of this principle that requires prophetic resistance, an unmasking and standing against these powers.

Limits to Sin: The Need for Regulation

The sinfulness of individuals is multiplied in larger societal contexts. Urban communities magnify certain sins. The development in Leviticus and Exodus of various legal structures indicates processes for godly limitations, for punishment of crime. Effective feedback loops, and rapid responses to issues in contexts without corruption are essential. When systems evolve with incremental regulatory changes to deal with changing dynamics, nations are healthy. When there is easy feedback from people to legislators, and diffused power within societies, responses to issues can be rapid, hence the society moves forward in an integrated manner.

Diffusion of Power

A people is as strong as the small organizations at its base - be they small economic units, small political units, or networks of religious societies.

Efficient bureaucracy or good governance is recognised to advance national economies. Significant levels of governmental management have been critical to the efficiency of first world countries. But overly excessive bureaucratisation is a significant factor in sustaining poverty and dualism within societies. It is considered by de Soto^v as the direct cause of sustained poverty in many Latin countries that were still emerging from mercantilism till three decades ago, for example.

In New Zealand, we now rank first in terms of our institutional efficiency and fourth in terms of health and educational institutions globally, based on criteria heavily influenced by American perceptions of efficiency. But following the model of over-bureaucratisation due to excessive litigation of the US, the 2016 Proposed Free trade agreement will also bring the intrusion of American lawyers and hence greatly expand the bureaucratisation and legalisation of New Zealand society. This will likely drop New Zealand from being the eighteenth most competitive society in the world.^{vi}

Limits to Sin: Limits to Government Power

New Zealand has faced a rapid erosion of checks and balances that sustain governmental accountability in the last decades, beginning with the elimination of the upper house of Parliament. This is evidenced in the consistent refusal by governments to listen to the voice of the people in referenda (Helen Clarke's government listened to no referenda that was Christian in derivation), and in the rapid swings between conflicting governing and economic strategies that incoming New Zealand governments have imposed on the people without consent.

Rogernomics was such a swing towards the right, seeking to minimise government involvement, reduce bureaucratisation, eliminate complex compliance costs. It did so, however, without significant concern for serious social costs involved in the rapid process of change. Similarly, Helen Clark's Socialism, its goals defined 30 years earlier, and honed by international socialist values sought to expand bureaucracies, and among other things entered deeply into family liberties based on the socialist value of State-controlled family dynamics and child raising.

It made no apology for increasing levels of taxation in New Zealand to the fourth highest in the OECD, even when there were regular surpluses, and had no compunction about distributing some of these to the middle class, not because of poverty, but because of the consistent Socialist belief in the government as the redistributor of wealth. It overly committed to free trade - particularly opening the doors to free trade with China, prior to China floating its currency at realistic levels. This crashed sectors of New Zealand's economy – clothing production and shoe manufacturing to name two. Perhaps these were sunset industries that could never continue to compete globally. Perhaps workers could have been retrained. Schemes were developed but have not worked in any countries. As industries are lost there is an overall loss of employment, though the theories predict movement to higher level industries, few can make the transitions.

Globally, there has been a rapid increase of centralised bureaucracies in both capitalist and communist societies. With increasing urbanisation and the growth of computerised control technology all countries have some form of central planning. This has clearly been an asset throughout the 20th Century in the abolition of poverty and redistribution of wealth. But the scriptural warning to limit such governmental powers has largely been lost. In OECD countries taxation rises yearly, and is now often over 40% of peoples' income. Along with that, the increase of bureaucratisation is immense. Helen Clark's government added thousands of bureaucrats, and increased the percentage of taxation by 8% over 9 years of power. As in Egypt, the people begin to groan under such burdens. Christians have consistently called for limitations to governmental controls.

Civil and Religious Freedom from Oppression

Our principle ten, *freedom and celebration* has been the basis for Christian opposition to governmental oppression globally for two millennia. There is a poem where one of my Baptist forbears, a certain Gryg, is named as a leader of a march from Kent to London to obtain freedom from the current oppression of his day. My grandfather on another side, because of religious beliefs was imprisoned as a pacifist for opposing engagement in the First World War. On the other side, my grandmother fought for seventy years to free New Zealand from its drunkenness as secretary of the Woman's Christian Temperance Union. Liberty is known as the supreme end to democracy. Something that some of our Bible-believing forebears in England fought for with their blood. Freedom to worship, freedom from oppression is a constant fight for citizens.

Such liberty is fundamental to economic development. Successful wealth formation occurs in contexts of integrity, where trust in contracts, the rule of law, and supportive governmental structures is possible. Capitalism is built on such economic freedom.

Every piece of corruption, of skirting the law, of creating environments of distrust, of creating legalised oppression, drag effective economies down, slowing wealth generation and siphoning wealth off from productive ends.

Principle of Freedom: Government Transparency

How does one measure freedom in today's global context? And how does that match the Biblical vision of liberty and *shalom*?

The flip side of the limitations on government is to look at their openness, transparency and to measure the extent of freedom for engagement in democracy. In 2015, New Zealand ranked first in such a global survey.^{vii}

This perhaps is the end result of the debacle when Prime Minister Muldoon was unwilling to open the books to Labour in 1983, between the election results and formal transfer of power. *We decided there and then that no new government would ever face this situation again. There would be more openness... Budget forecasts were changed to make debt needs transparent.*^{viii}

In 2016, New Zealand also ranks third in the World in an *Index of Economic Freedom*, published by the Heritage Foundation. Their index covers the following as measurements of freedom:

Rule of Law

- Property Rights: Degree of a country's legal protection of private property rights, degree of enforcement of those laws, independence of and corruption within the judiciary, and likelihood of expropriation.
- Freedom from Corruption. The non-prevalence of political corruption within a country, according to the *Corruption Perceptions Index* (New Zealand ranks fourth on this index, by Transparency International).

Limited Government

- Fiscal Freedom: How free is a country from tax burden. It comprises three quantitative measures: top marginal tax rate of both individual (1) and corporate (2) income, and total tax burden as a percentage of GDP (3).
- Government Size/Spending: Governments' expenditures as a percentage of GDP, including consumption and transfers. The higher the percent spending, the lower the score.

Regulatory Efficiency

- Business Freedom: A country's freedom from the burden of regulations on starting, operating, and closing business, given factors such as time, cost and number of procedures, as well as the efficiency of government in the regulatory process.
- Labour Freedom: How free is a country from legal regulation on the labour market, including those relating to minimum wages, hiring and firing, hours of work and severance requirements.
- Monetary Freedom: How free from microeconomic intervention and price instability is a country, basing on an equation considering the weighted average inflation rate in the last three years and price controls.

Open Markets

- Trade Freedom: Freedom from sizeable numbers and burdens of tariffs and non-tariff barriers to imports and exports of a country.

- Investment Freedom: Freedom from restrictions on the movement and use of investment capital, regardless of activity, within and across the country's borders.
- Financial Freedom: A country's independence from government control and interference in the financial sector, including banks. It considers government ownership of financial firms, extent of financial and capital market development, government influence on the allocation of credit and openness to foreign competition.

There is a basis for the above. Historically cities flourish to the degree they possessed economic fluidity and institutional adaptiveness created by economic freedom.^{ix} At the same time, it is evident that this list has an anti-labour bias and an anti-government intervention bias. The heritage Foundation is known as a right wing foundation.

Liberty and Governmental Redistribution

Shalom is a biblical concept of overall well-being within a nation or people. While we can measure the economic well-being of a country by its GDP, we need to also evaluate the distribution of that wealth in meeting basic human needs, providing a foundation for well-being and opportunities for its people. Again New Zealand comes out as 5th in the Social Progress index which ranks countries on meeting basic human needs; providing a foundation of well-being; creating opportunity for all through personal rights, freedoms, tolerance and inclusion, access to education. Thus the human development index integrates measures of life expectancy, expected years of schooling, as well as income. New Zealand consistently ranks high on this index, excluding income, New Zealand stands as ninth.^x

Significant as a foundation for this is the social welfare system of a country. Until the early 1800's in England, the local church was responsible for the poor of its parish. As the feudalism of Christendom increasingly broke down, responsibility began to shift to the Government to care for the poor. This became formalised in the 1930's with increasing redistribution by the Welfare State.

There are problems moving from spiritual leadership to power politics. This process lead to removal of another limitation to the power of the Government, with concomitant loss of human liberty (hence of economy). We joke that for many New Zealanders, it has meant that the Government becomes the repository of faith, the solver of all problems! Or is that a lament for a lost national soul??

There are problems with governments taking from the rich and giving to the poor. It imperils political liberty, discourages productivity and disassociates the wealth from those with the knowledge of investment and entrepreneurial knowledge which are keys to economic growth.

There are also problems of distributing to the poor. There are always stories of "scammers", and it would be wrong to glorify the poor as noble or competent as there are many lazy and indolent, and many who are poor because of inability to manage. The distribution system also tends to promote a view of the producers of wealth as the enemy, indeed a violent diabolizing of Capitalism.

It can leave the working poor with little motivation, as often if they attempt part-time work they earn little more than the dole. In that sense it can enfeeble the poor in their struggles to exit poverty, so the rich tell us, though I have yet to see research that verifies this except in isolated anecdotes.

Our New Zealand Social Welfare is efficient, largely effective and has over the years faced and researched all of these issues, to end up at a point of fine balance in creating a safety net at the bottom of society.

Redistribution by the Church as an alternative would be based on effective diaconal development. In today's world, deacons are equivalent to social workers, or economic development experts, or budgeting managers. Yet how many churches have highly trained social workers, budgeting managers on their staff to handle these needs? We are unprepared for the future. By default, much of the New Zealand church has left these roles to WINZ (Work and Income). On the other hand, within the denominations there are significant social service networks, such as the Baptist Oasis, the Salvation Army Social Services. These deliver much of the governmentally funded services to the community. Why? Because of a motivation of care within the churches.

It may be, that post-Capitalism, post-welfare state, such church-based delivery will enable the sustenance of much of the nation. In the meantime, we live with the tension of a secular government, interfaced with the faith community that has the commitment and committed manpower to engage in mitigating the social injustices and engage the needs of the lower economic sectors of society.

Equality and Equity

There are also problems with definitions. Is redistribution more Christian than production? Some also equate distribution with compassion and production with exploitation.

And what is the goal of redistribution? Can we all live at the same level? Surely a family of eleven requires more than a couple. We see in the Acts 2 account that God didn't intend exact equality but he did intend justice and levels that are considered comparatively equal, free and creative. His desire is perhaps best described as equity – not exact equality but a balancing within a range that is seen to be just redistribution.

Production with Social Responsibility

Economy itself is the creation and production of value. Since at its root, value is an expression of spiritual qualities with moral implications, religion which is the promulgation of values, is intimately connected to the economy. From this perspective religion can be seen as supply-side in nature...true economy becomes the active expression of God-derived qualities in human endeavour, including the process by which we give raw matter value and purpose and turn it into economic "goods".^{xi}

The Gospel creates a new productive system as new communities emerge. This has been reinforced in my thinking as I grapple with how the slums generate their own economic systems. A continual influx of people creates new wealth, new markets. Similarly, as a church develops, there is an increasing amount of resources set free for the Kingdom, and a small economic system develops (unless the church invests too heavily or prematurely in buildings or pastoral staff).

Part of the original *Lifestyle and Values of Servants* as we set up a mission among the poor said this:

We will seek to uplift the economy of the poor by working where possible to get the skills to produce the means of production and control of production into the hands of the labouring poor. This involves assisting those in the richer nations or classes in transferral of technology, tools of production, and initiating capital to the poor. We will encourage the development of cooperatives, home-based industries, and vocational training. Our intended model is development from within communities based on existing and developing values, skills and motivations of the poor, rather than large-scale externally imposed projects.^{xii}

Those statements remain as guides to lifelong progressions thirty-five years later. And they reflect broader Christian theological commitments to pressure governments to a process of encouraging productivity that engages the poorest and benefits the poorest through their work.

The Biblical statement of reality that *the poor you will have with you always*, linked to the core Biblical commitment to loving others results in societies that care for the weak, the widows, the orphans, lame, blind etc. We are to share one another's burdens. This requires an inclusiveness that seeks to overcome social and racial barriers. Including in the workplace.

Social controls are necessary to check inevitable inequalities in any economic system. While we have freedom to *manage the earth*, so that it grows in fruitfulness, this does not grant freedom to *exploit the earth* till it becomes barren as has occurred in Northern India, or in the destruction of Indonesian forests. This in principle puts a limitation on the production of wealth.

Secondly, production is for the common good, the good of all, not simply the good of the individual. Over-production or mal-distribution or lack of access to necessities are all violations of this principle of service to the common good. Economics must have social goals not simply financial ones. Some have suggested the triple bottom line as a methodology for accomplishing this with corporations, but there is little common agreement.

The Sabbath also indicates that a people-based orientation to efficient production is necessary. Production and wealth-making are to be paced to the needs of our human capacities. This is foundational to the development of community organisations, trade unions, cooperatives, that seek to balance the structuring of the needs of the producers against the needs of those who provide capital (the capitalists).

The Jubilee was a clear modelling of a principle of limits to consumption and speculation. It also indicated the necessity of periodic restitution, for all systems develop inequities and injustices.

The concept of justice is not simply a grand theme but involves diligent scrutiny in every society so that there are just transactions at each point.

The nature of work being good is that products must have intrinsic value. Gambling, for example, is not considered good work for it produces nothing of intrinsic value in a community (apart from its destruction of the lives of many, particularly the poor), thus a good society would not have a gambling casino at the centre of a city.

Due regard to social and ecological consequences of production, the means of production, the relationships within the productive system, the relationships between the earth and its people are thus all inherent in the Biblical narrative and provide a basis for constant critique of all economic systems by Christian prophets.

In the area of New Zealand economics, one could ask, to what extent Evangelicals have enabled society to respect the dignity of the human being. Jane Kelsey, in *Reclaiming the Future: New Zealand and the Global Economy*,^{xiii} documented the effects of overly rapid commitment to the positive benefits of free trade with concomitant loss of jobs in several sectors, including 21,000 in the textiles and clothing sector, the loss of sovereignty over many of our national assets and increase in inequity and insecurity. This is 21,000 people who lost their sense of identity and dignity for a time because of a socialist vision hastily imposed on them. That violates the biblical principles of the worth of personhood.

But one must recognise the right wing American perspectives that often surface in the analysis of economic freedom. Since a very high percentage of New Zealand's GDP is related to exports, we are by necessity committed to a globally open trading structure. However, an *extreme* free trade agenda has demonstrably damaged whole sectors of New Zealand's business; Margaret Thatcher-style selling of New Zealand's assets to foreign investors has sold much of New Zealand's assets that the government managed on behalf of the people to foreigners involved in asset stripping; openness to foreign competition from countries that print billions of dollars is not competition – it can be a tidal wave of dispossession.

Yet one should applaud the attempt to quantify economic freedom which has some roots in the Biblical affirmation of private property. At the same time, we need to reflect from a Biblical perspective whether these measures fulfil the Jubilee mandate of the scriptures to freedom for individual workers not just corporate and financial interests, of periodic redistribution (in post-modern societies this tends to be though yearly redistribution of the tax take through social welfare means).

Alternative approaches might consider the quality of distribution, the protections of workers' rights rather than the freedom from regulation that protects their rights, the sustaining of an underlying health care and educational systems, the right to free tertiary education, the ratio of income of top executives to workers (Switzerland debated a 7:1 ratio), all as elements essential to national economic freedoms.

Part 3: Discipleship of Economic Systems

ⁱ Goodwin and Burr, 2012.

ⁱⁱ *The Big Book of the Economy*, DK Publishing, 2012.

ⁱⁱⁱ Frank Scrimgeour is a Professor of Economics at the University of Waikato Management School. A leading environmental economist, he has contributed to regional, Māori and national policymaking.

^{iv} Graph from the 2015 Open Budget Survey.

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v De Soto, 2003.

vi World Economic Forum, 2015.

vii International Budget Partnership, 2016.

viii Moore, 1993, pg. 8.

ix Carl J. Schramm, 2008.

x United Nations Development Program, 2016.

xi Brookes, 1986.

xii Grigg, 1981.

xiii Kelsey, 1999.