

*Figure 1: The Gini coefficient is a measure of inequality within a country. Over a generation, NZ has moved from being one of the most egalitarian societies to one that is significantly divided between rich and poor.*

## Kingdom and Capitalism

## God-Infused Kiwi Capitalism

Our discussion progresses to a biblical critique of macro-economic systems. In this chapter we will consider some Capitalist development theories. Since the axioms of Christian development theology are rooted in revealed truth, and integrated around the person and nature of God, they both clash with all humanistic theories, and at the same time uphold parts of these theories which are consistent with Biblical revelation. Critique, means we are always ambivalent towards any system – affirming and opposing at the same time, as systems reflect both the nature of God in collective human endeavour that is in his image, and the horrific nature of collective human sin built into structures of evil – and everything in-between.

Christians live in an uneasy relationship to culture and in this case to the economic sphere of our culture. We are in the world but not of the world.

Because we are created in God's image, we reflect that image, whether as Christians or non-believers who are still made in his image. And collectively we reflect the social image of God the *usness*, the trinity. He functions in unity, as Jesus describes throughout the book of John. The three in one is a collective and we function collectively made in his image. In the economic realm, over generations, each society makes collective decisions, and these form social and economic structures, and contractual relationships.

Thus our economic structures, and in New Zealand, our socialised capitalist structure is built on centuries of that reflection of God's economic principles, often by godly men and women. At the roots of Capitalism is our national processes to increase *productivity*, and a serious national commitment to *creativity* as evidenced in the expansion of the creative arts education in schools and universities. We have always been a *hard-working* people. And the principle of *rest* has continued in our commitment to the long weekend, despite the recent inroads from the supermarkets, alcohol industry, and secularists to eliminate Sunday rest and Christian public holidays. We have protected our summer beach vacations because, as a people, we know the imperative of rest for emotional survival.

Our socialised Capitalism is also balanced with a *cooperative* collectivism in our public health care system, and the structures of business formation, cooperatives, board governance, contract laws etc., that facilitate people working together and caring for each other. The determined efforts towards racial reconciliation have deeply affirmed the cooperative nature of Maori tribal society as something *Pakeha* wish to engage, and learn from – this is different to other countries and a great honour on the global stage. We see social integration as a serious national goal.

And *redistribution* is integral to our socialised Capitalism, and social welfare system, job retraining, university grants, care for the elderly. All of this built on land and home *ownership*, the foundation of Capitalism. All of these have developed within a framework of *freedom of the individual* to speak, to worship to be to work.

Thus we see our ten principles culturally reflect that nature of God within the Kiwi soul. They are *good* things, just as God said all that he made was *good*. If the following critiques aspects of these, it is not with a view to rejecting our socialised capitalist economy and our history.

Yet, on the other side of our relationship to culture, Christians are prophets against corrupted sinful culture. Our collective sinful nature creates sinful structures – the tendency towards *non-productivity*, the *limiting of creativity* in mindless modernist mechanistic factories, the pressure to create contexts of *overwork* or of those who are *loathe to work* hard, the *expropriation of lands* so that land ownership is not feasible, the *greed* which consumes but does not seek to *redistribute* to the needy - these are all human violations of the ten principles we began with.

Historic Christianity has a long literature about spiritual warfare. We are called to confront the Powers of this age by destroying false philosophies.<sup>2</sup> Those powers may legitimately be exegeted as “*isms*” - Capitalism, Marxism, Socialism, Nationalism, Globalism...<sup>3</sup>

Yet, if one lifts their voice against the dark side of Capitalism, rocks are immediately thrown. I recently put one post on one of the evils of Capitalism on Facebook and got thirty-four enthusiastic responses – only four on the topic, and some of them quite aggressively critical, but totally without understanding! Any criticism is seen as biting the hand that feeds us, like criticizing our grandma! Capitalism is deeply mixed up with political slogans. We need clear discernment, and understanding of the issues, if we are to speak for Biblical justice.

For those friends who are fundamentalists, Pentecostals and evangelicals, there is always a suspicion that in engaging in such issues of justice somehow we have lost our way from a pure gospel commitment. I suggest to folks that it may take some years to grasp the content of the previous chapters; that the gospel is about all of life including economics; it results not just discipling of individuals but of the nations *and* their political economic structures. In the meantime it may be helpful to muse on the prophecy 600 years before Jesus, *Behold, my servant whom I uphold, I will put my Spirit on him...he will not fail till he has established justice in the earth.*<sup>4</sup> True Pentecostals, true evangelicals, people of the Holy Spirit, are justice-makers.

## What is Global Capitalism?

So what is the current global Power we are confronted with? Definitions of global Capitalism are a poor beginning for it is a constantly evolving dynamic covering a diverse range of configurations.

R.H. Tawney in his *Religion and the Rise of Capitalism*, identifies the period between 1500 and 1700 where the church lost its engagement with the economic sphere. The mediaeval Europe that was the pre-cursor civilisation to modern civilisation can be considered ended at the Treaty of Westphalia in 1648, where European states made a contract to not war over religion - in essence the end of Christendom into countries with diverse religious traditions where the Church no longer was supreme authority. By 1700, the ground for evaluating economic theory and practice was evacuated by Christian moralists and came into the realm of scientific method under the secular States.

Capitalism has always been global. The beginnings of Capitalism go back to the fifteenth Century where life was settled and all knew their place within the feudal context. Growing international trade, improved transport, and increased capital enabled larger corporations, not dissimilar to the explosion of larger organisations today as nations become urbanised and amass capital in urban centres.

Analysis of these new principles was the contribution of the brilliant and extensive Adam Smith's *Wealth of the Nations* (1776) as, in five books, he evaluated the transition from *mercantilism* to a modern capitalist context.

That expansion of capital and creation of an expanded class of capitalists in England came from expansion of global trade (supported by piracy). And the evil of the English enclosures. And beyond that it was a continuity of the system of Lords and serfs. In the enclosures, the Lords of England legally stole the traditional *commons* land of the peasants where they would graze their flocks, by fencing them in. Millions were left without income and migrated to the cities. At the same time the emergence of large mills and beginnings of mechanisation in the cities needed excess labour. Thus the capitalists, at the foundation of Capitalism were no more than robber barons who moved ill-gotten gain from their rural estates to the new urban explosion of England and Europe. The serfs who had produced wealth on the farm, now became the workers producing wealth in the factory. These were supplemented by a massive slave trade providing cheap labour.

Adam Smith's definitions are reflected 120 year later in an old Oxford Economics textbook on my bookshelf (1). An organisation of business (2). upon a large scale (3). by an employer or company of employers (4). possessing an accumulated stock of wealth (5). with which to acquire (a). tools

and (b). raw materials and (c). to hire labour, so as (6). to produce an increased quantity of wealth (profit).<sup>5</sup>

Today, Capitalism as a popular term, is a very broad term for multiple expressions of political economic systems that encompass freedoms for:

1. The natural emergence of small businesses at the grassroots of free societies (both the businesses and freedom are things we all applaud).
2. The historic development of multinational large scale businesses.
3. These have evolved through various stages of Capitalism in different countries: post-Mercantilism, Fordism, post-Fordism, Keynesian economics, neoliberalism, global Capitalism...
4. American Capitalism also needs differentiating from more socialised European Capitalisms.
5. Moderated by various socialised approaches within countries, usually at odds with the banking sectors pursuit of profit.

By 2016, global-national Capitalism had morphed into: (1) an economic and political system in which (2) a country's trade and industry (3) are controlled by private owners (though the stock market, or as unlisted companies or cooperatives) (4) who facilitate rapid expansion of new innovations. (5). It is dependent on a wide base of cheap available labour, including migrants and undocumented workers, based on governmental migration approaches though increasing automation mitigates this dependence, and increases dependence on a highly skilled workforce.

(6). It has not existed without governmental intervention and structuring of legal frameworks. (7) The system includes central banks which are privately owned (and ownership is rarely publicly disclosed) that monitor the creation of new money through local banks, as they leverage deposits with loan moneys. (8) The creation of new money is largely regulated through global mechanisms, particularly the International Bank of Settlements in Basel, Switzerland. (9) Global trade is executed within the legal framework of secretly negotiated international treaties minimally subject to democratic processes within the countries signing.

### ***Globalisation***

Over the last decades we are facing a far different creature. The globally interlinked descendants of these various phases now connected with the global oligarchy of Fortune 500 companies that compete with nation-states. All these are supported by the International Monetary Fund (IMF), the World Bank, the *Bank for International Settlements* in Switzerland, the stock markets in London, New York and Tokyo, and world trade agreements. All are involved in processes for economic rule and exploitation of the planet.

## The Transmogrification of Money

Economics begins with money. Capitalism cannot be understood apart from understanding its linkage to monetary production. Money is a traditional unit storing value, a unit of account. It used to be for much of history, a discrete object such as a piece of copper used as common exchange within a society. More recently it has become symbolic pieces of paper with governmental seals. And yet more recently, it is a series of 1's and 0's in a global network of computers. Whoever controls the production of paper money exercises great powers. Thomas Jefferson, US President in the debate over the Re-charter of the Bank Bill in 1809 spoke:

*If the American people ever allow private banks to control the issue of their currency, first by inflation, then by deflation, the banks...will deprive the people of all property until their children wake-up homeless on the continent their fathers conquered.... The issuing power should be taken from the banks and restored to the people, to whom it properly belongs. –*

Woodrow Wilson signed the 1913 Federal Reserve Act in the United States. A few years later he wrote:

*I am a most unhappy man. I have unwittingly ruined my country. A great industrial nation is controlled by its system of credit. Our system of credit is concentrated. The growth of the nation, therefore, and all our activities are in the hands of a few men. We have come to be one of the worst ruled, one of the most completely controlled and dominated Governments in the civilized world no longer a Government by free opinion, no longer a Government by conviction and the vote of the majority, but a Government by the opinion and duress of a small group of dominant men.*

The monetary system has been morphing rapidly over the last hundred years into an international electronic network which is now 20-50 times larger than the real economies. Thus, during the Brexit news the commentators stated, “the world just lost 3 trillion dollars”. This was not real money but created computer-defined money.

- It is a largely unregulated global network (As we have seen earlier, greed requires regulation).
- It has become volatile, as larger and larger flows occur in more and more compressed time frames.

The network includes:

- the world's trading markets in things like oil, milk, timber, steel...
- stocks (direct investment in capital of companies)
- bonds (ownership of the debt of companies), futures (betting against the future fluctuations of these) – these have little international regulation

- currency – globally related to the floating dollar, which used to be related to gold but is now related to no fixed real world entity.

Divorced from a direct connection to a physical reality of gold or silver, currency has also become a speculative instrument. Changes in demand and supply between countries affect the values of currencies, but increasingly speculators can control those values. This speculation in the money economy has hurt investment in the real economy. For example, New Zealand companies can no longer effectively set export and import prices in advance, as exchange rates and interest rates oscillate dramatically, dependent on the gambling of investors.

The 2008-9 crisis resulted because of this fundamental change in economics. Supply and demand now have little to do with price changes of real items; time frames have become compressed; and a dual economy has emerged. This dual economy consists of:

- *the real economy*: real products, real trade, research and services, factory workers, doctors, building roads... This has become impoverished as money has been drawn into:
- *the financial economy* which is 20 to 50 times larger. It is essentially contracts built on paper money, which in turn is built on the real economy.

This latter has a valid basis for assisting companies to capitalize and manage their assets. Many middle class folks have retirement savings invested. However, the value of real production is multiplied to such an extent with many different forms of contract, that a major contraction could destroy all before it.

### ***Private Ownership as the Foundation of Capitalism***

The *right to own* is a prerequisite to freedom, and to building capital. But Galbraith indicates that housing will never be fully provided for the poor in a Capitalist system. Thus most Capitalist countries have some form of socialised redistribution that helps poor people access ownership of housing.

To the extent that people own their own homes is the extent they can capitalise the formation of small businesses. New Zealand's housing program in the mid-1900's provided access for all to reasonable housing, and was the envy of the world. The sale of these assets in the 1990's has led to a very different context today.

As seen in earlier chapters, the scriptures affirm private ownership. But in the scriptures, ownership is tempered by social responsibility. The implication is that non-profit or governmental involvement in housing is essential.<sup>6</sup> While housing and land is the foundation of wealth savings and hence capital

formation within Capitalism, Capitalism will not by itself provide sufficient housing for the poor.

### ***Production Basis of Wealth vs Phony Paper Money***

The real productivity of the world faces some limited resources. Investment of capital is an essential element in expanding productivity. However, the continual expansion of paper money based on paper agreements, bonds, stocks, and contracts faces the uncertainties of unreality and is anchored in stock exchanges based on a form of logical yet poorly supervised gambling.

A Biblical critique begins in the fundamental principal of production in the Kingdom for the purposes of both provision and giving (II Corinthians 8: 2,15). The world's system is one of getting. Biblical Economics starts in the cross as it cuts our basic instinct to acquire. Out of the giving, comes mustard seed production. Giving (investing) capital to provide resources for expansion of production to meet needs can be an act of love that provides both new resources and work for people. Extracting money from such production for non-productive speculation is the opposite of love. It is a hatred.

A grassroots network fighting the escalating production of paper money in Britain, *Positive Money*,<sup>7</sup> engages in significant discussion on finding alternatives to the present process, such that money does not flow to the banks but to the people.<sup>8</sup> One of their understandings is that every time a bank writes a mortgage it is creating money. Referring to the European situation, since Quantitative Easing (the creation of paper money by central banks (technically by the local banks giving mortgages) after the 2009 crisis) started, 720 billion euros have been created. This money has flooded financial markets, pushing up house prices and is driving inequality. *QE for People* argues there is an alternative. Central banks could use newly created money to meet the needs of society - to finance infrastructure projects, build affordable housing or by giving it directly to Eurozone citizens.

The above is immensely complicated. But confusing even more because many equate Capitalism with Christianity. In the following sections we will examine the relationship of Capitalism and Christianity, followed by critiques of Capitalism from alternative development theories.

### **Capitalism and Christianity**

Capitalism is not essential for the survival of Christianity. Capitalism also has no special claim on Christian virtue, though Christian values are essential to its success. Both Marxism and Capitalism have equally materialistic views - and goals. Yet Capitalism thrives on the freedom also inherent in Christianity and, as such, is more compatible with a free society built on Christian values.<sup>9</sup>



The collapse of the Iron Curtain was a symbol that Capitalism has proven far better for the poor than Communism, so is a preferred choice between the two. Production of wealth precedes distribution of wealth, and Capitalism enables better *production*.

Thus there has been an uneasy symbiosis between Capitalism and Christianity. Yet many Christian thinkers consistently talk of a third way between Capitalism and Marxism.

### ***Dependence of Capitalism on Morality***

A healthy capitalist economy is dependent on moral standards:

*Without the civilizing force of universal moral standards, particularly honesty, trust, self-respect, integrity and loyalty, the marketplace quickly degenerates* (Brookes, 1986).

Max Weber, the great voice at the founding of sociology, in his thesis on *The Protestant Work Ethic and the Birth of Capitalism* (Weber, 2010), analysed the effects of the various great religious traditions on economic values and structures, demonstrating how the reformation and the Puritans gave specific legitimacy to private property, profit and wealth creation as a *calling*. He predicted the rise of the *Chinese dragons* (Singapore, Taiwan, Hong Kong, South Korea), indicating values from Confucianism that would more likely contribute to effective wealth creation and Capitalism. Diligence and thrift derived from perspectives on holiness, were seen as part of godly character – qualities critical to production of wealth.

Gunnar Myrdal, in his 10 year study that identified twenty-nine causes of national poverty in Asia, *Asian Drama*, analyses the negative effects of fatalism in Hinduism, Buddhism and animism – the belief that one has no control over one's destiny often because of fear of the control by spirits - on entrepreneurial activity.

Brian Griffiths, Christian economic advisor to Margaret Thatcher (1985) discusses the coincidence of the breakdown of British and Western society values since the 1950's at the same time as what he describes as continuous economic crises in the West. He suggests that the progression from the Puritanism of Weber to the secular humanist culture of the 1980's has resulted in the loss of these core values. I would suggest that the breakdown of Kiwi culture into postmodernism has produced further loss of values. Some contrasts are suggested (not researched but suggested) in Fig 12, for discussion, extending my work in *The Spirit of Christ and the Postmodern City*.

The crisis of 2009 in the United States reflects this shift in values, involving financial men in grey suits earning ludicrous bonuses for deals in paper money that bear little resemblance to the realities of production, and eventually

establishing products so removed from production that they nearly crashed the financial systems.

Backed onto large bonuses for short-term gains, Lehman Brothers had leveraged its actual assets to thirty times their value. That meant only a 3% shift in markets made them illiquid. This was not only greed, but reflects a lack of prudence. Its bankruptcy caused the near-collapse of 2009.

In the *Global Economic Forum* report of 2009, New Zealand was ranked second in terms of corporate ethics. That is a worthy statement and one that needs to be held on to carefully, particularly as for *Pakeha*, the decline of truth and moral values as families collapse does not bode well for future business ethics, and successive governments have increased migration from nations where there is little culture of integrity (though much else culturally worthy of honour), without any training for in-coming migrants in our historic Christian values of truth in business dealings.

## **Theoretical Debates about Capitalist Development**

### ***The Linear Take-Off Theory***

William Rostow's theory *The Stages of Economic Growth* (1991) and those that have followed - leading to the *Global Millennium Goals* (Sachs, 2006) to abolish poverty, and to the current World Economic Forum's four stages of growth (2015) - have tried to distil from the experience of rich countries a set of rules which poor countries should follow if they are to take off into self-sustained growth. He described this is a stage taking 20-30 years when the economy and the society of which it is part transform themselves in such a way that economic growth is more or less automatic.

Value	Evangelical England of the 1880's	Secular Humanist 80's in New Zealand	Postmodern Auckland in 21 <sup>st</sup> Century
<b>Centre</b>	Faith and God	Individualism	Hedonism and Mammon
<b>Work</b>	Seen as a calling	As a means to get money	As an accessory to the good life
<b>View of Future</b>	God has a purpose to history and future	Live for today's pleasures	Live for today, for wealth will continue to expand
<b>Savings</b>	Save to provide for future, invest to maximise	Avoid debt, depend on government for future	Live on credit cards and maximise consumption
<b>Budget</b>	Strict balanced budgeting	Casual budgeting,	Live on credit card, Balanced government budget through asset sales
<b>Engine of Economy</b>	Family	Government as engine of redistribution	Global Economy
<b>Locus of Government</b>	Small government	Large nanny state	International Economic Order
<b>Property</b>	Private Property, Privately owned businesses	Increasing State ownership, private property protected	Increasing corporate ownership, but private property protected
<b>Defense of Workers</b>	Trade Unions defending against injustices	Unions raising real incomes; governments break unions	Variable contract laws; decreased defence of workers; mobile workforce
<b>Money</b>	Linked to real production	Linked to currencies controlled by national banks	A means of speculation, 20-50 times the value of real production
<b>Corporate ethics</b>	Evangelical engagement in legislation for corporate management to care for its workforce and ethics of its products	Significant care for workers, partly because of trade union successes over decades, partly mainline church influences Post-Christian culture of integrity largely continues.	Global corporations maximizing profits with an amoral basis in ethical decision-making. Loss of integrity in Pakeha culture. Extensive immigration from cultures with less integrity. vs. ethical business models

Figure 2: Postmodern values that impact economics.

The preconditions for take-off he determined as being:

- An increase in investment flow in one or more substantial manufacturing sectors (known as leading sectors).
- This leading sector is then the vehicle for the diffusion of new production techniques to other groups and society as a whole needs to respond to these indicators.
- This must go hand in hand with the existence or quick emergence of a responsive political and institutional framework.
- To perpetuate this growth a high percentage of real income needs to be returned to productive investments.
- The availability of a cheap source of labour is essential. Today we might add, skilled, educated and creative labour coupled with automation.

With this very brief overview let us make a few critiques from the scriptures and development theories. I will not present all critiques of such a theory but just those pertinent to Christian theology.

### ***Dualism***

The first major criticism is of the concept of encouraging *dualism* in a society, a theory popularised in *Economics and Economic Policy of Dual Societies*.<sup>10</sup> This dualism is where a portion of the population enjoy the fruits of modern society while the masses remain locked in abject poverty- the rich get richer and the poor get poorer.

The biblical comment on this stems from the concept of *shalom* which has meanings of,

*well-being, of freedom, from what threatens this well-being and fulfilment, of freedom from want, and injustice, freedom from external warfare and from division within. It is a common participation in and harmony of the people with its leaders.*<sup>11</sup>

All development programs involve improving the lot of a few for the good of the whole and hence involve inequalities,<sup>12</sup> but to deliberately create a disparity, or to fail to provide significant development plans for the bottom 40% is to destroy *shalom* deliberately and must be prophetically denounced.

Dualism tears the *shalom* of developing countries in pieces, creates greater and greater poverty for the rural poor and urban workers, and greater wealth for an elite class. Not only so, it destroys the cultural fabric of the society, another essential stabilizing factor in *shalom*. By causing the rich agricultural barons to invest their money in the industrial leading sector, little is reinvested in the rural areas, hence no intermediate rural industry is developed, to create employment in the rural areas. The result is massive urbanisation and millions of squatters and slum dwellers in megacities. Fortunately New Zealand for

many decades reinvested into agricultural areas.<sup>13</sup> More recently that focus has decreased.

Throughout the scriptures, God continually sought to equalise the discrepancy between rich and poor. This oppression of the poor by the rich is also perpetuated in the continued suppression of workers' wages in the expectation that eventually the greater majority will benefit. Perhaps the ringing words of James are pertinent here:

*Come now you rich, weep and howl for the miseries that are coming on you... behold the wages of the labourers who mowed your fields which kept you back by fraud, cry out; and the cries of the harvesters have reached the Lord of hosts. You have lived on earth in luxury and in pleasure; you have fattened your hearts in a day of slaughter. You have condemned, you have killed the righteous; they do not resist you.*<sup>14</sup>

This Biblical concept of unity within cities is current within urban planning thought. UN Habitat address the need for *harmonious cities* where barriers of race, class, economics are broken down.<sup>15</sup>

### ***Dependency***

A further consequence of the application of Rostow's theories is described in a number of theories classified under the title of *dependency theories*. Andre Gunder Frank identified how the economy of the third world country becomes a satellite of the colonial powers and that of the rural areas of the megacities that control their empires. The flow of money and natural resources is to the megacity, which exploit countries by a number of means, primary amongst which is their multinationals. Immanuel Wallerstein extended Frank's theories into *World System Theories*.

In this sense, New Zealand is a classically dependent country, although massive efforts to diversify after Britain cut the umbilical cord to our dairy products have kept us from falling completely out of the OECD (Organization for Economic Cooperation and Development, a linkage of the world's richest democracies). Nevertheless, we export largely raw and cheap agricultural products in exchange for importing expensive industrial products. And as 15 of the 17 banks in our banking system (be it Westpac or National Bank or ANZ or ...) are largely owned by Australia or the UK, all of these transactions pay a "tax" on any profits that ends up in the owner's hands overseas, thus structurally locking us into dependency, just as most former British colonies are locked in.

Written in the midst of the unceasing changes of international alliances in the Middle East, the scriptures are not silent on such dependencies. Leviticus gives a vignette analysis of the effects of righteousness on an economy

contrasted with the effects of corruption and unrighteousness. Amongst the effects it talks of are *you shall sow your crops in vain, for your enemies will eat them.*<sup>16</sup>

It is not God's desire that rich business men and women, politicians and businessmen should sell their own birthright to foreign nations. Hence, Christians in positions where they can influence such policies must seek to change them. God's desire for Israel was that they become a nation, that they be slaves no longer. God has broken their chains and would make them walk with dignity.<sup>17</sup>

National freedom is inherent in the gospel. In my first classes in development studies in Manila in 1980, it became apparent that the selling of assets, land, banks and businesses to foreign corporations was a serious step towards becoming a dependent nation. This was done in the name of "foreign investment". The latter is needed if productivity is to increase, but the principle of social responsibility necessitates that the profits of such investment largely remain within a country and are not sucked offshore.

However, those national leading businessmen, economists and politicians who can make some gain from such sales have counter-arguments. In a well-researched report on *New Zealand Global Links*,<sup>18</sup> the Executive Director of the New Zealand Initiative (that does research to assist businesses to invest in New Zealand) states that:

*Economists typically support not just the free movement of goods and services but also the flow of capital between jurisdictions...The economics behind this general support for free trade and free capital flows are well researched and established - and have been for centuries.*

That leaves no room for argument does it!! Strange, that in development economics in almost any third world country or among New Zealand development workers, that opinion is soundly rejected!! Free trade for smaller nations leads to both dependency and exploitation of resources. Fair trade is what is desired. And this accords with the Biblical notion of *a just balance*.

Asset sales are a complex issue (who would wish to have the task of minister in charge of asset sales?) as shown in a treasury document that identifies many options in a number of case studies.<sup>19</sup> New Zealand was forced by the Muldoon era excesses into a downsizing of government. There is a lot of merit in the government exiting from managing businesses that would be better managed by businessmen, and have no social or strategic value for New Zealanders. There are other assets which belong to the people. The government has a mandate to manage, but it does not necessarily have a mandate to dispose of those.

The Government has sought to put conditions on sales (difficult to enforce), and has consistently preferred selling assets to New Zealand investors. But

our internal resources are limited. The referendum in 2013, quite clearly confirmed that after \$23,790,670,000,000 of asset sales (New Zealand Treasury, 2014), 66% of New Zealanders are opposed to selling essential assets to overseas investors. The current prime minister ignored the referendum.

On the flip side, New Zealand has strived to negate the worst aspects of asset sales. New Zealand's score on the OECD's *FDI Regulatory Restrictiveness Index*, which measures the extent to which a country's regulations limit against Foreign Investment, remains far above both the non-OECD and OECD averages, being placed as the seventh most astute OECD member in protecting national ownership. UNCTAD's *Attraction Index* ranks New Zealand, 146 of 186 countries, meaning the wealthy find it easier to buy resources elsewhere.

Jim Anderton's formation of *Kimibank* was one step in reversing this kind of dependency by New Zealand banks. But the international pressure on politicians to sell publicly-owned enterprise into the hands of foreign capitalists is intense (even though these had been capitalised by the people of New Zealand over decades). Yet as Mike Moore, one of the clique involved in the early sales, reflects in his autobiography, what option was there, when former Prime Minister, Rob Muldoon, had left us paying 19c on the dollar in interest. From his perspective, with the money from asset sales, New Zealand was able to expand its education and health systems. We all face such dilemmas at times as cash flow problems require conversion of assets into cash.

Selling the crown jewels had devastating effects on our rail system, allowed for massive destruction of native forests as European pine is planted to replace them for the sake of profit, destroyed the integration and efficiency of one of the world's best electricity systems in the name of *competition* i.e. letting foreign companies gain control and hence follow profit-based outcomes without consideration of social objectives. This latter was a wider global push by US electricity companies (who had no apparent idea of the importance and benefit of a unified state-owned electrical system in a small country) to gain control of electricity systems in other countries. Our rail system had to be bought back at great loss after being fleeced by an American company. The concept of essential national assets that cannot be sold has become part of the NZ psyche (though not of the National party leadership, it seems).

### A Just Balance

Free trade for smaller nations leads to both dependency and exploitation of resources. Fair trade is what is desired. And this accords with the Biblical notion of a *just balance*. Investment is needed but this is different to asset stripping.

On the side of justifying such sales, forestry for example, has moved from a loss generating government department to a highly profitable industry, with investments flowing back into value added processing operations, not just exportation of logging. I say that, tongue in cheek, as necessary investments range from 4-6 billion in estimate. Actual investments are a pittance compared with this figure.<sup>20</sup>

Bill English has also attempted to spuriously document the usefulness of the banks being owned by foreign companies, in that each time they create a loan they add money to the NZ money supply. This is one process, as far as I can tell, that is pushing up the global price of urban land, but others might be able to explain the rationale for such a statement.<sup>21</sup>

Bryce Wilkinson in *New Zealand's Global Links: Foreign Ownership and the Status of New Zealand's Net International Investment*, a quality research document, funded by those with aims to increase investment in New Zealand, shows that:

- Despite popular myth, New Zealanders actually earn more than they spend. National resident unit savings has been positive for the last 38 of the last 41 years.
- Despite concerns to the contrary, Asians are not taking over New Zealand. In fact, in 2012 Australians owned 55% of foreign investment in New Zealand, while ASEAN nations owned only 3.1%.
- If New Zealanders are to become tenants in their own country, it is more likely the landlord will be the government, not foreign investors. Of the 28.7 million hectares in New Zealand, the report estimates that 1 million are owned by foreigners, and the Department of Conservation alone manages 8.5 million.
- Offshore investment is a two-way street. New Zealand is not a 'takeover' target by foreign investors. In fact, the OECD regards New Zealand's regime for screening inwards investment as one of the most restrictive in the world.
- New Zealand has been heavily dependent on international capital since colonial days, and this is normal for a young, growing country.

In a related issue, the ability of Chinese to now shift money to overseas properties is pushing up property prices globally, not just in New Zealand. 33% of housing sales in Vancouver are by Chinese investors for example.<sup>22</sup> A search on the web shows the same set of comments from cities around the Pacific, "House prices keep escalating. Increasing numbers of Chinese buying." That is not a racist statement. One understands the genuine desire by wealthy Chinese who have worked hard and saved hard to invest their capital in safer contexts, as they face uncertainties in China until it regularizes some of its legal systems.



To escape such an environment, investors have to circumvent the Chinese laws that forbid taking more than \$50,000 out of China by recruiting relatives and others to carry the money out. They then have to circumvent the NZ investor laws that are aimed at investment in industry. Indeed, globally, most migrants face having to find some loophole in laws to migrate, so such aberrations do not then mean these are criminals. In the corruption of Brazil and China and elsewhere, survival often requires finding a way through a loophole between corruption and conflicting laws. So surely in New Zealand the same is true, right? In our personal caring for many migrants in our home we have a humanitarian involvement, but most of our friends face multiple failed attempts to get around migration law and end up returning home.

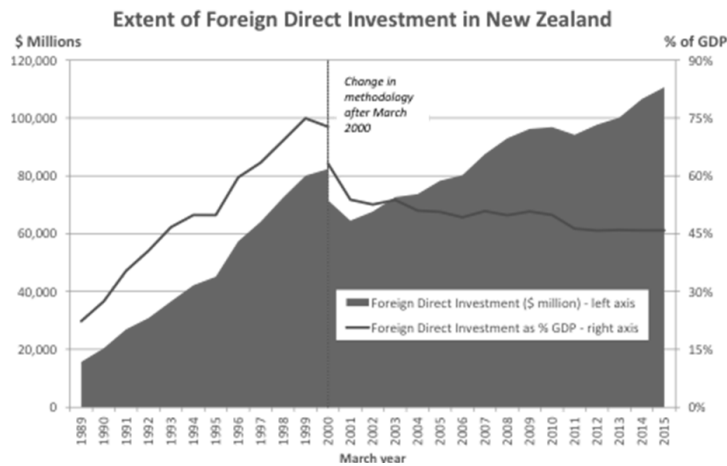


Figure 3: Foreign investment as a % of GNP.

Source: International Investment Position, National Accounts - Statistics New Zealand

But apart from these very understandable legal violations in attempts to find economic freedom in a just nation, we have a problem - young New Zealanders or Canadians can no longer afford to buy their first house. Their birthright is gone. Protection against free capital flows into housing by *non-residents* is essential in such a context, not free trade. Again this goes back to a principle of solidarity, of social responsibility. If migrants come committed to becoming part of society, all affirm their attempts. But if simply New Zealand is seen as a place to make money and whisk away its profits, then the society should reject such people or multinationals. Fortunately, the banks are taking action even as the government has failed to do so.<sup>23</sup> That phrase “non-resident” is crucial, when one attends auctions for Auckland houses and discovers a room full of people visiting for a few days to buy at double the real market price, and then return to China. When people genuinely migrate

and invest their lives in building a nation, it is a very different story, and such are welcomed by New Zealand's immigration policies.

Affirmation of the British Jack on our flag is not an affirmation of dependency, but of our security in independence from Britain, yet desire to maintain cultural roots. But in the last decades, we have become an increasingly dependent nation, losing control of banks, land, and ownership of productive capacity. The amount of money leaving New Zealand to foreign investors is about the same as our milk powder and seafood industry incomes.

### **Biblical Critiques of Capitalism**

Having affirmed grassroots New Zealand Capitalism, we need to examine alternative Biblical perspectives, that provide critical critiques of many aspects of globalisation.<sup>24</sup> These are perspectives generally held in the development studies community whose mandate is to comprehend how to liberate oppressed peoples.

#### ***Humans are of Infinite Worth***

At this point, we need to return to our principle one, *the value of humanity* in the scriptures. Human beings were made in the image of God, and because of this are of intrinsic worth, and infinite value – each man and woman. This is brilliantly described in Prov 4:31, *He who oppresses a poor person insults his maker*. Even to give a cup of water is upholding that reflected image of God in humanity.<sup>25</sup>

God is a creator, so also human beings are creative. Our work too reflects God's character for God works. We require rest to maintain our creative strength. Humans are not machines.

Both Marxism and forms of Capitalism differ from the Biblical view in their concept of humanity. Both seek to accomplish the good of society as a whole at the cost of the individual. It matters little whether the individual is crushed as a cog in the machinery of production (Capitalism) or as a cog in the worship of the Government (Marxism). In both cases humanity is at the service of the economy.<sup>26</sup> Economics is God! The economics of the Government is God!

In contrast, Christians understand that humanity, like God (a trinity) is also a fellowshiping, communicating, communal creature. Over creation, humanity is ruler, but with another human we are not rulers but brothers and sisters. Jesus told us call no person *master* or *father* for you are *all brothers* and you have one teacher, one Lord, one father. *He who is greatest among you shall be your servant.*<sup>27</sup>

By placing the leader as servant, underneath others, he precludes any possibility of using position to use, abuse, or oppress others, not that he abolishes social roles rather he equalises men and women in these roles.

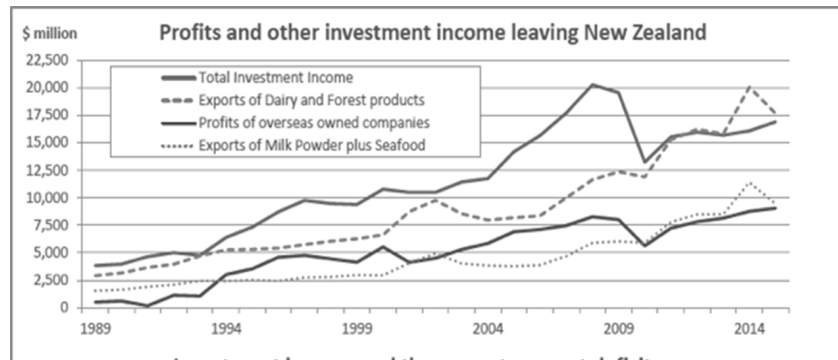


Figure 4: Profits and their investment income leaving New Zealand.

Hence we dare not uplift one part of society at the cost of another. This destroys not only human dignity, but also fellowship and community between these parts of the culture.

### **Capitalism, Greed and Contentment**

Capitalism errs in that an excessive amassing of wealth is its prime motive and competition its supreme law. Ezekiel comments on this:

*Behold this was the sin of your sister Sodom; she and her daughters had pride, surfeit of food and prosperous ease but did not aid the poor and needy.*<sup>28</sup>

Elsewhere we are told that *the love of money is the root of all evil*,<sup>29</sup> and that *covetousness is as the sin of idolatry*.<sup>30</sup> Jesus tells us that if we have food and clothing we should be content.<sup>31</sup>

On the other hand, the scriptures give many principles for successful business, especially in Proverbs. There is no criticism of making reasonable profit that is based on fairness and generosity in business dealings.<sup>32</sup>

### ***Humanity as Slave of Economics***

Capitalism turns everything - art, music, literature, even beauty itself, into commodities to be bought and sold. It turns human beings into commodities. Not just the factory workers - the physicians, the artists, the poets, the musicians.

They all must sell themselves in order to survive. This perhaps can be stated of all capitalist, socialist or feudal economies in the modern period. Jaques Ellul, the French theologian-philosopher in his *Technological Society*, predicted the rise of the technological society and its definition of our humanness – in many ways this is regardless of the political economic system.

As Christians, we must resist the creation of commodity man, be constantly on guard as the government seeks to turn education into a commodity, senior health care into a commodity, creativity itself into a commodity, the beach *bach* into a commodity. And ourselves. Our forefathers fought for 40 hour weeks, but the destruction of the power of the trade unions mean that most of us now work fifty to sixty hours to survive and many in two jobs. Sunday was sacred, but how can you commoditise that one day outside the system – so by stealth, business interests have extended Sunday trading. Tertiary education was a right for Kiwis, now it is a commodity for capitalist-owned banks.

We must fight for conditions where children of God, and all are his children, can live to be creative, live in security, with secure incomes, with time to rest, time to be as families, just as our forefathers struggled.

This chapter has critiqued some of the evils of Capitalism. These have been modified by the consistent fight of those who have been committed to Biblical principles of equality, ownership, justice, cooperation (Not that all who have fought for these would name Christian values as their motivation) over the last centuries into what is now our mixed Capitalist system. In the next chapter we examine other godly dynamics within Capitalism that enable it to create work, wealth and liberty for billions.

#### **Commodification**

Capitalism turns everything - art, music, literature, even beauty itself, into commodities to be bought and sold. It turns human beings into commodities. Not just the factory workers - the physicians, the artists,

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## Chapter 10: Kingdom and Capitalism

<sup>1</sup> This greater income inequality has seen New Zealand move into 18th place out of 25 in the OECD in terms of income inequality from 1982 to 2004 (Ministry of Social Development 2007). Over the preceding two decades New Zealand experienced the largest growth in inequalities in the OECD (2000 figures), moving from 2 Gini coefficient points below the OECD average to 3 Gini points above (Ministry of Social Development 2007:45-46). One indication of the impact of these inequalities has been that relative poverty rates, including child poverty rates, have increased (Carroll et. al., 2011).

<sup>2</sup> Eph 6:11,12; II Cor 10:3-5.

<sup>3</sup> There is a long historic debate as to the nature of the Powers, where recent notables include Wink, Yoder and are well summarised in Tom McAlpine (2003).

<sup>4</sup> Isa 42:1-4.

<sup>5</sup> Hobson, 1894.

<sup>6</sup> These principles are fleshed out in our Masters level course on *Land Rights and Advocacy*, that grapples with an evangelical Christian engagement in working with slum-dwellers in obtaining land tenure for slum dwellers. (<http://www.urbanleaders.org/655LandRights>).

<sup>7</sup> [www.positivemoney.org](http://www.positivemoney.org)

<sup>8</sup> Frank van Lerven, 2016.

<sup>9</sup> Berger, 1987; Novak, 1982.

<sup>10</sup> J.H. Boeke, 1953.

<sup>11</sup> Perkins, 1979.

<sup>12</sup> Castro, 1979.

<sup>13</sup> See, for example “Rural Restructuring” in the *New Zealand Historical Atlas* (McKinnon, 1998).

<sup>14</sup> James 5:1-6.

<sup>15</sup> UNHabitat, 2009.

<sup>16</sup> Ex 22:25.

<sup>17</sup> Lev 19:9,10.

<sup>18</sup> Wilkinson, 2014 pg. 5.

<sup>19</sup> Wilson, J., 2010.

<sup>20</sup> Clarke, M. c1999, pg. 9.

<sup>21</sup> Leahy, 2014.

<sup>22</sup> Richter, 2016.

<sup>23</sup> Milson, 2016.

<sup>24</sup> Figure 14: Source: Balance of Payments, Key Statistics 7.04 - Value of principal exports (excl. re-exports). Statistics NZ. Courtesy [wakupkiwi.com](http://wakupkiwi.com).

<sup>25</sup> Matt 25:41.

<sup>26</sup> Gheddo, 1989.

<sup>27</sup> Matt 23:8-12.

<sup>28</sup> Ezek 16:49.

<sup>29</sup> 1 Tim 6:8.

<sup>30</sup> Col. 3:5.

<sup>31</sup> Matt 6:25-32.

<sup>32</sup> Psa 112:5.

## Chapter 11: Creativity, Innovation and Entrepreneurship