

# JOURNAL OF THE ASSOCIATION OF CHRISTIAN ECONOMISTS

No. 24, June 1998

## *From the Editor:*

In this issue there are three papers. Andrew Crook has written a piece on dealing with unemployment at the level of the city, drawing on his time with the Relationships Foundation. This paper was presented at the 1997 ACE Study Group meeting. Esmond Birnie has contributed a paper on theonomy, which originally appeared in the *Scottish Bulletin of Evangelical Theology*. Finally Ian Jones and Michael Pollitt have written a summary and “taster” of their edited collection *The Role of Business Ethics in Economic Performance*, published this year. It is unusual for authors to write a review of their own book, but I hope this will not discourage others from contributing a review of their own to a future issue of the Journal.

In the current issue of the North American *ACE Bulletin* there is an article entitled “The Economics of God’s Creation” by Christopher B. Barrett and John C. Bergstrom and the first in a series of dialogues with Christian Economists: “A Conversation With J. David Richardson” conducted by Bruce G. Webb. In addition there are a number of book reviews including books by Stephen Frowen and Francis McHugh and by Rodney Wilson. *ACE Bulletin* is edited by Stephen L.S. Smith and Bruce G. Webb at Gordon College, MA and the Association secretary is John Mason. They can be emailed at ssmith, webb or [mason@faith.gordon.edu](mailto:mason@faith.gordon.edu) respectively. Other activities from our ACE North America friends include various events at the AAEA, AERE and WAEA annual meetings in Salt Lake City, August 2-5<sup>th</sup>, including a symposium on “Putting Humans Back at the Heart of Economics”, and a new ACE Working Paper by Edd Noell entitled “Racial Discrimination, Police Power and the 1964 Civil Rights Act in Richard Epstein’s *Forbidden Grounds: An Evaluation of the Case against Discrimination Laws*”.

As always, contributions and reviews for this *Journal* are gratefully received. I am at present planning to put together a special issue of *ACE Journal* on European Monetary Integration and the Single Currency. If you would like to contribute, or are prepared write a “discussion” of someone else’s paper, or have a book review then please contact me.

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*Contents*

Andrew Crook:	Tackling Unemployment at a City Level	1
Esmond Birnie:	Should the Christian Economist be a Theonomist?	18
Ian Jones and Michael Pollitt:	The Role of Business Ethics in Economic Performance: A Christian Critique	33

# TACKLING UNEMPLOYMENT AT A CITY LEVEL

Andrew Crook, HM Treasury<sup>1</sup>

## *1. Introduction and Summary*

In some ways the title of this paper is almost a deliberate misnomer. The reaction of most economists to the idea of tackling a problem as complex and global as unemployment at a local level would and perhaps should be one of scepticism or scorn. I would have largely to concur with this. The last thing I want to suggest is that cities can buck macroeconomic trends, or have a labour market totally isolated from the conditions and regulations elsewhere in the country or the world. There are many systemic factors which feed strongly into the national unemployment rate, and the local unemployment situation is bound to respond to these. I do not want to suggest that the national economy or the local economy are closed systems. This would clearly be untrue, and, in an age of increasing globalisation, likely to become ever more unrealistic.

The title of the paper might thus be better as “making a city-level contribution to tackling unemployment.” However, aside from the clumsiness of the alternative, there is an important reason for keeping the more provocative and inaccurate title. This is simply that all answers do not have to come from government. Answers involving increased resources are increasingly unlikely to do so in the current political consensus. There seems to be a resignation, though, that if the answer does not come from government, it will not come at all. However, there are plenty of examples which show that local action, informed by local knowledge, powered by local compassion and even backed by local money can be an effective complement to state action, or even a conduit for it.

City-level action is an under-developed means of addressing a problem which is primarily urban in character. Cities and other local communities have become so reliant on state action to tackle their unemployment problems that they may be missing out on resources of immense value on their own doorsteps. These can be marshalled to tackle a problem which is of significance to all within the city. This paper investigates the issue of whether local intervention to tackle problems like unemployment is feasible and desirable. It is divided up as follows:

Section 2 introduces the Jubilee Centre. It is a research and initiatives organisation, attempting to put Biblical principles into practice in a variety of public policy areas. Examples range from the “Keep Sunday Special” campaign to work on reconciliation in Rwanda. The “Citylife” project is aiming to put research on urban unemployment into practice in UK cities. The work in this paper shows some of the background to this project. Section 3 examines the concept of human relationship as an analytical tool. It looks specifically at its importance in economics. This is a perspective that the Jubilee Centre has been developing for some time, convinced that it is a perspective firmly rooted in both the Old Testament and Jesus’ discussion of the law. It has developed a framework for the analysis and quantification of relationships, termed the “five dimensions of relational proximity”. Its two insights for the issue of urban

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<sup>1</sup> This paper reflects the opinions of the author and the Jubilee Centre/Relationships Foundation, where he worked for two years on the Relationship Foundation’s “Citylife” project.

unemployment are that the analysis of relationships helps to map disadvantage more accurately than can a narrow analysis of income, and that the state of relationships between individuals or between different social groups can have real economic and social effects. Section 4 examines the condition of a number of important relationships between social groups within cities. It suggests that the segregation of “haves” and “have-nots” in cities has major effects on social and economic factors locally, ranging from crime to a lack of investment within cities. Section 5 looks at Biblical material which addresses comparable problems, such as local extremes of wealth. It concludes that the Bible describes both mechanisms to prevent the over-accumulation of wealth (Jubilee Laws and the Interest Ban) and remedial mechanisms for when these fail. The remedial mechanisms are co-operative, inclusive and nurture local responsibility. One example is the exhortation to give interest-free loans to the poor. Section 6 shows how apt these Biblical principles are for addressing modern problems. It examines how British public life is often lacking in these areas, and argues that loan mechanisms might be a good way to engender such social virtues. Section 7 describes possible practical mechanisms for implementing these principles, which the Jubilee Centre has been researching. These include an “Employment Bond”, which is a way to encourage local people to invest in local job-creation. The idea has recently been successfully “market-tested” in Sheffield. Other ideas are also sketched out. Section 8 is a conclusion, drawing out some lessons from the paper.

One important caveat is that this paper looks at employment primarily in the context of urban policy. Since more recent urban policy (e.g. the Single Regeneration Budget) has had a strong employment element, with “jobs created” the most important output, this approach has some merit. In addition, urban policy is tasked with bringing prospects to the hardest cases (the most “socially excluded”) and is thus a litmus test for a particular approach to employment.

## ***2. The Jubilee Centre***

The Jubilee Centre was set up by Michael Schluter in 1983 as a Christian research and initiatives group in the field of public policy. It is based in Cambridge. It is founded on the belief that there is a Biblical framework for public policy. It aims to study, disseminate and apply this. The Centre is most readily associated in most people’s minds with the long-running “Keep Sunday Special” campaign which drew together an unlikely coalition of retailers, trades unionists and churches to try and prevent the introduction of widespread Sunday trading. In a turbulent 9 years of existence, the campaign succeeded in defeating the original 1986 Shops Bill, when Mrs Thatcher had a majority of 144 in the Commons, but ended in 1994 with the narrow passage of the Shops Act.

Another early initiative was that of “Credit Action.” Detailed research into the growing problem of consumer credit and debt underpinned various practical initiatives. These included persuading a major bank to take material on credit and debt into one-third of all secondary schools, and the establishment of a separate debt-counselling charity. The Centre has also been heavily involved in work on reconciliation in Africa. Its Newick Park initiative played a significant backstage role in early ANC/white establishment meetings in South Africa, and is currently involved in running high-level conferences between representatives of the various parties in the Rwandan conflict. Most recently, the Jubilee Centre has launched the “Relationships Foundation” to further the work on the importance of human relationships in public policy. Like the “Keep Sunday Special” campaign, it was set up so that it could work freely with secular organisations without compromising the Biblical origins and motivations of its initiatives.

The Foundation has conducted work in a range of fields, from the criminal justice system to the NHS. One of its major innovations is the development of “Relational Audits” to pinpoint and correct crucial relational difficulties in institutions as diverse as elderly homes, Scottish prisons and NHS trusts. One of its main projects at the moment, “Citylife”, is attempting to address urban unemployment and poverty in a variety of UK cities. This paper contains some of the thinking behind the project.

The hallmarks of the Jubilee Centre are thus:

- Detailed Biblical research;
- Application of Biblical principles to contemporary public policy problems;
- Construction of practical solutions, often in partnership with others.

### **3. The Relationship Approach**

#### *3.1. The Makings of Strong Relationships*

The word “relationship” with its “dating agency” connotations is not the first one that one might associate with hard-nosed economics. This section puts forward a case that relationships are integral to economics, and their analysis can provide some powerful insights. An important point of definition is that two people or two agents can be in relationship even if they do not meet. A relationship occurs when two people affect one another. I have a relationship with the CEO of Barclays, because I am affected by his decisions if there is a branch closure in my area. I have a relationship with a coffee grower in Africa, because my purchase decision affects his income. However, I do not know these people. The Jubilee Centre uses the term “encounter” relationship for a relationship in which the two parties actually know each other. The term “contingent” relationship is used for a relationship in which they do not.

Part of the Centre’s relationships thesis is that the better qualities of human nature “like trust, sympathy, respect, understanding, self-restraint, loyalty and co-operation ... come more easily when encounter occurs.”<sup>2</sup> If people meet, their relationship is more likely to be positive. One insight from this is that decisions should be made, as far as possible, at a level where there is encounter with those affected, or their representatives. However, it is not just encounter that is important, but the type of encounter. Clearly, it is not possible to force people to form strong and committed relationships, however well they know one another. However, there are several aspects of the way that two agents interact that makes a good relationship much more likely.

Work done at the Jubilee Centre in a number of contexts has led it to conclude that there are five crucial aspects of relationship which make it more likely that people can co-operate and trust one another. It has termed these the “five dimensions of relational proximity.” These are described below, and illustrated in an urban context.

**Face-to-face contact:** A strong and committed relationship is more likely to develop if two people actually meet one another. Michael Heseltine illustrated this when he travelled to Toxteth in the aftermath of the 1981 riots, seeing the places involved and meeting some of the people. He commented that “it greatly sharpened my appreciation of the scale and nature of the

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<sup>2</sup> M. Schluter and D. Lee, *The R Factor*, Hodder and Stoughton, London, 1993, p.9.

human and social crises with which the inner cities were struggling.”<sup>3</sup> Absence of face-to-face contact can lead to misunderstanding and even caricature and bigotry.

**Contact over time:** A second factor important to the formation of strength and commitment in relationships is continuity or contact over time. It is difficult to develop these attributes if the acquaintance is only brief. Again, Heseltine’s trips to Liverpool provides a pertinent example. After his first trip, he was so moved that he took a collection of London financiers around the area in a double-decker bus, to try and motivate them to put their resources into the area. However, “Heseltine won their sympathy and the secondment of some of their staff, but little else.”<sup>4</sup> Perhaps one of the reasons for this is that a flying visit to a far-away troubled is less likely to help develop strength and commitment of relationship than regular meeting with such troubled people.

**Contact in different contexts:** If people always meet whilst filling the same roles (e.g. employer/employee), their relationship may be similarly one-dimensional and perhaps fragile. If they can meet in different contexts, for instance socially, their relationship is likely to be strengthened. An example of this is how the success of the Northern Irish boxer Barry McGuigan in the early 1980s managed to unite traditionally antagonistic elements in Belfast at the peak of his success.

**Mutual respect:** This dimension is often known as “parity.” It refers to the balance of power between the two parties. If both can enter the relationship with mutual respect, the relationship is likely to be strong and committed. In urban situations, there can often be a distinct asymmetry of power and lack of respect. One example is from the new partnerships common in urban policy as a result of policies focused on “challenge” funding which is based on competitive bidding for central funds by local partnerships. One commentator argues that “in the new urban partnerships, some partners are likely to be more equal than others.”<sup>5</sup> One reason for this is that partners bring different status and different resources to a partnership. This can undermine the unity of the partnership.

**Common purpose:** A final important dimension of relational proximity is the possession of common purpose. If people have a strong purpose in common, their relationship is likely to be committed. One example is the “spirit of the blitz” noted by Asa Briggs and others in Second World War London.<sup>6</sup> Another is again in the area of urban policy partnership. In order for it to flourish, partnership has to be about more than just winning money for the locality. Critics of the North West Regional Coalition: “held together more by a shared concern to bring additional resources into the region than by mutual interest per se.”<sup>7</sup>

### 3.2. Relationships and Economics

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<sup>3</sup> M. Heseltine, *Where There’s a Will*, London, 1987, pp.139-40

<sup>4</sup> S. Ward, *Planning and Social Change*, London, 1994, p.235.

<sup>5</sup> A. Peck and A. Tickell, “Too many partners,” in *Local Economy*, Vol. 9, 3, 1994, 252

<sup>6</sup> A. Briggs, *A Social History of England*, p.311.

<sup>7</sup> Peck and Tickell, *op. cit.* p.260

The relationships approach has two main lessons for mainstream economics. One is that it can help provide a deeper understanding of advantage and disadvantage than can mere analysis of income. The thesis is that people need more than mere money for fulfilment, and that strong, committed relationships are a key component of this. For example, an analysis of relationships can help provide a better understanding of the true disadvantage of the trauma of unemployment. Economics sees unemployment as a matter of foregone earnings, and higher taxes imposed on those still in work to pay benefits and make up for taxes no longer paid by the unemployed person. A relational approach indicates the presence of additional costs on individual and community. Individuals suffer in terms of marital stability, psychological strength (with implications for ability to relate) and alienation from mainstream society (e.g. due to removal from places of socialisation such as workplace). One example of a community problem is if young people in high unemployment areas lose any relationship with “role model” adults through lack of local work, leading to various social problems.

The concept of “social exclusion”, which has become a policy issue for the new Government has strong relational undertones. The popularity of the concept stems from an understanding that modern disadvantage is about more than just a lack of money. It involves exclusion not only from earning possibilities and opportunities but also from socialising relationships with wider society.

The second point is that the state of relationships can have genuine effects on economic mechanisms. When one reflects on this, it is hardly surprising. Economics is essentially a science of human inter-relationship. There are several obvious examples. Most fundamentally, a market is a nexus of relationships. One type of market failure, that of informational asymmetry, illustrates this. The relationship in this case is often known as a “principal/agent” situation. Theory concentrates on how the agent can be given incentives to fall in with the principal’s interests. One example is the assumed conflict between the owner and manager of a firm. However, this assumed conflict may not be the case if the two parties enjoy a strong, committed relationship, as may be the case in a smaller firm. Another example is the recent “social capital” literature. This stresses how the competitiveness of firms in a given area can be crucially dependent on local relationships. For instance, the success of flexible networks of small firms in Emilia-Romagna (Italy) in industries like textiles and ceramics is put down by some commentators to the strength of local “social capital.” It means that people are used to co-operating in a number of different spheres (e.g. family and municipal involvement). A final, practical example is that of “just-in-time delivery,” which is an industrial practice credited with dramatic cost reduction among Japanese car manufacturers. This precise arrangement depends heavily on the trust between supplier and purchaser, developed in relationship.

Economic arrangements and policy are rarely neutral to relationships. They either provide a framework in which they will flourish or struggle. An example is the internal market in the NHS, which has institutionalised a form of short-term conflict between organisations. The importance of this is that relationships have a genuine economic impact. If they are weak, it can weaken the performance of firms, institutions and agents.

#### ***4. Segregation and its Effects on Cities***

The previous section argued that the state of relationships can have both an economic and a social impact. Poor social relationships can worsen local economic performance and can create or exacerbate social problems like crime. This section notes the segregation characterising British cities and examines the impact of this on social relationships.

#### 4.1. *The Segregation of British Cities*

Arguing that British cities are segregated into advantaged and disadvantaged areas appears uncontroversial. Whilst in the past, especially in the USA, the phenomenon has been known as the “doughnut” effect, with the affluent fleeing the hole in the city centre, the concentrations of advantage and disadvantage are now harder to map out. Such areas can and do border one another. David Harvey argues that cities are a “complex checkerboard of segregated and protected wealth in an urban soup of equally segregated impoverishment and decay.”<sup>8</sup> He quotes the example of Glasgow, whose “outer estates are interspersed with affluent commuter suburbs.”<sup>9</sup> A report in the ‘Independent on Sunday’ recently described this phenomenon in London. “In West London, two communities are divided by a wide road. On one side, in the poverty of the White City estate, a nine year old girl was allegedly raped last week by nine and ten year old boys. On the other is Notting Hill and Holland Park, the new seat of media and business power.”<sup>10</sup> This impression is borne out by economic statistics from different areas of the same cities. In Middlesbrough, unemployment (1996) ranged from 26.2% in Westbourne to 5.3% in Nunthorpe and Marton. In Nottingham, the range was from 38.1% in Radford to 6.5% in Wollaton.

This concentration of disadvantage (and of advantage) is a characteristic of the social exclusion problem mentioned earlier. It is not the case that this segregation is deliberate. It has a complex set of causes. Some of these would include the decline of traditional industries in urban areas, the growth of service sector employment which has favoured skilled females over unskilled males, the right-to-buy programme for local authority housing and various social housing allocation policies.

#### 4.2. *The Relational Effects of Segregation*

Segregation of this kind has an impact upon relationship between different social groups or classes in a city. In the terms of the earlier analysis segregation prevents most of the ingredients necessary for the formation of a strong relationship. There is no face-to-face contact, no continuity (mobility), and no common purpose, no multiplexity and no mutual respect. This does not, however, prevent their being a relationship since the groups involved affect one another (e.g. in terms of employment opportunities or crime). One illustration comes from the White City case-study described above. The writer of this article argues that “the opinion-formers never cross the road, turning a blind eye to the underclass within yards of their luxury homes”.<sup>11</sup> This can breed a mutual suspicion as well as a likelihood of caricature. Those who live in disadvantage know little of those who dwell in affluence nearby. They are likely to see them as “fat cats” who are partially to blame for their own conditions. The affluent, without encounter with the disadvantaged, can come to equally simplistic conclusions about their situations, for instance concluding them to be welfare-scroungers.

#### 4.3. *Relationship as the Foundation of Civic Obligation*

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<sup>8</sup> D. Harvey, *Justice, Nature and the Geography of Difference*, Oxford, 1996, p.405.

<sup>9</sup> *Ibid.*

<sup>10</sup> “One Motorway: Two Britains,” in *The Independent on Sunday*, 11 May 1997, p.2.

<sup>11</sup> *Ibid.*

Where relationships are weak, obligation and civic pride can be undermined. The controversial writer Charles Murray captures something of the attitude of affluent urban-dwellers where relationships are weak. He argues that their attitude is “even if the ‘underclass’ is out there, it needn’t bother the rest of us too much as long as it stays in its own part of town”.<sup>12</sup> Michael Porter gives a positive example of obligation bred by relationship. The US “food basket” supermarket chain has a strong inner city presence. It “hires locally and is widely viewed as a good citizen of the community. As a result, management reports that it has not had to hire security guards and that neighbours often call if they witness anything amiss.”<sup>13</sup> The strong community relationships of this shop built an obligation towards it that might not otherwise have been there.

#### 4.4. *The Effects of the Collapse of Civic Obligation*

One obvious effect of a collapse of obligation is the flip-side of Michael Porter’s example. Collapsing relationships, which reduce civic obligation, can lead to increased crime. John Harding, Chief Probation Officer, Inner London Probation Service argues that

“without some local context in which young offenders can relate their offending behaviour to the victims of crime, they can so easily neutralise the impact of what they have done by assuming denial or by minimising the gravity of their behaviour. They may rationalise that the victim was well-off and had plenty of insurance cover. They will not be conscious of the fear of crime that they have generated”.<sup>14</sup>

The second point is the wasted opportunities resulting from the lack of obligation. Segregation implies that there are local resources, often concentrated in quite a small area. Many investors live in cities where there are major problems, but give little thought as to how they could use their resources to benefit the city and thus themselves. The frequent proximity of affluent and disadvantaged areas has already been noted. This should provide an incentive to use local resources for the locality. However, in practice, it does not. Few local resources are invested in the locality. Notable exceptions include local authority pension venture capital funds and social investment projects like the Aston Reinvestment Trust. On the whole, people invest their resources for purely financial gain in an atomistic manner. In part this is due to a free rider problem. The investment of resources by one person to improve a local area benefits everyone, so people have an incentive to leave it to others. There are also few mechanisms through which effectively to invest locally (despite the growth of both social and ethical investment industries in recent years). However, relationship might breed a demand which would naturally produce a supply of appropriate investment products.

This undermines a logical way in which remedial action against urban malaise could be exercised. There is plenty of money about, should the mechanism and the motivation exist to invest it to help address local needs that affect everyone. Section 7 goes on to report results of

<sup>12</sup> C. Murray, *Charles Murray and the Underclass*, London, 1996, p.51.

<sup>13</sup> M. Porter, ‘The Competitive Advantage of the Inner City,’ in *Harvard Business Review* (May 1995), p.66.

<sup>14</sup> J. Harding, ‘Youth Crime: A Relational Perspective’ in J. Burnside and N. Baker, eds, *Relational Justice*, London, 1994, p.112.

some recent research in Sheffield into whether there is the scope to use local resources for the benefit of the community, with social and relational returns to the investment, rather than purely financial ones.

## **5. A Biblical Perspective**

### *5.1. Biblical Material on the Government of Secular Society*

This section primarily draws upon Old Testament material in examining the issues raised above. This is not in any way a rejection of the fundamental importance of the New Testament. It is merely a reflection of the organisation of Biblical material. Most of the material referring to the ideal organisation of secular societies is to be found in the Old Testament, especially in the Books of the Law. Most of the New Testament is by way of teaching, encouragement and instruction for a godly Church rather than an ungodly society. Large parts of the Old Testament contain material intended for the ordering of a society of rebellious people.

Jesus never undermined the importance of the Old Testament. Whilst its primary purpose was to foretell his coming, he clearly appreciated that it had another role. In one of his frequent discussions with the Pharisees, he argued that the law was given for “the hard-hearted.”<sup>15</sup> The point appears to be that the law took into account human fallibility, and was not based on an expectation of the superior moral standard that results when God’s grace is received by a believer through Christ. This was not, of course, the only purpose of the law. Another important reason it was given was to provide beacon of godliness, as a challenge to idolatrous nations thereabouts. Thus, whilst New Testament material will not be ignored in this note, the primary focus will be on that found in the Old Testament.

### *5.2. Old Testament Systemic Mechanisms to Prevent Extremes of Wealth*

The Jubilee Centre has conducted much research into the systemic mechanisms implicit in Old Testament law. Its name is derived from one of them. This material is covered in much greater detail elsewhere.<sup>16</sup> However, this section attempts to sketch these mechanisms out: they consist of the Jubilee legislation and the ban on interest.

The Jubilee legislation commands Israelites that every 49 years, they are to hold a Year of Jubilee. In this year, all land bought off others must be returned. This was based upon a strong family and clan identity, each having ancestral land. The net effect of this was that the freehold of land always remained with the ancestral owner, and the leasehold could only be bought for a maximum of 49 years. This was an important mechanism in preventing the over-accumulation of wealth in the hands of a privileged few.

The second systemic mechanism was the ban on interest. Contrary to the NIV translation, the original text bans all interest and not just usury or “excessive interest”. The implications of this are far-reaching. It forces a more relational approach to investment: systems

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<sup>15</sup> Matthew 19:8

<sup>16</sup> See, for instance, M. Schluter and R. Clements, *Reactivating the Extended Family: From Biblical Norms to Public Policy*, Jubilee Centre, Cambridge, 1986 and P. Mills, *Interest in Interest: the Old Testament Interest Ban and its Implications for Today*, Jubilee Centre, Cambridge, 1989

like profit-share, legitimate under the ban, require knowledge of the person in whom money is being invested. Again, it also prevents rapid accumulation of wealth in the hands of a few who have money to lend.

### *5.3. Remedial Action against Poverty and Inequality: Principles*

The Old Testament thus had mechanisms in place to prevent too large a gap between “haves” and “have-nots” emerging. However, it also took a realistic view and acknowledged that poverty and inequality may well emerge. Deuteronomy 15 is explicit about this, in stating that “there will always be poor people in the land”.<sup>17</sup> It is thus important to derive some principles for remedial action against urban malaise, inequality and division. It is interesting to note that these have a relational edge to them.

#### *5.3.1. Local responsibility*

It is important that local people take responsibility for and action against local problems. One of the ways this can be seen is in the strong objection within the law to over-centralisation of government. Elazar and Cohen comment that “these [Jewish political] structures were characterised by a lack or minimum of central institutions”.<sup>18</sup> Perhaps this is most clearly seen in God’s unwillingness to grant Israel’s request for a King in 1 Samuel, warning them of the perils of the particular centralised authority that they sought.<sup>19</sup> Wilson contrasts the law’s aversion to over-mighty centralised authorities with the contemporary attitude in Mesopotamia where: “kingship was the gift of the gods, and provided the stable hierarchical, political and economic structures necessary for civic life.”<sup>20</sup>

The story of Nehemiah is a perfect example of the principle of local responsibility. Each individual in Jerusalem took responsibility for repairing the part of the city wall closest to their house.<sup>21</sup> Jeremiah 29 is a significant chapter in understanding God’s priorities for his people when living in a secular or idolatrous city. The Exiles would no doubt have been astonished by God’s command to them via Jeremiah as they smarted from the indignity of exile in Babylon. His command was not to destroy or undermine the city, but to “seek the peace of the city into which I have carried you in exile. Pray for it, for if it prospers, you too will prosper”.<sup>22</sup> It is significant that he focuses their attention on the city, the local area, in which they lived, and not the country as a whole.

#### *5.3.2. Co-operation and inclusion*

Another Biblical principle appears to be that diverse individuals should co-operate in tackling local problems. There are several instances where the model is of not only a great number of people co-operating, but also many different types, classes and races. Again, the

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<sup>17</sup> Deuteronomy 15:11

<sup>18</sup> D. Elazar and S. Cohen, *The Jewish Polity*, (Indiana), p.11.

<sup>19</sup> 1 Samuel 8

<sup>20</sup> R. Wilson, “The City in the Old Testament,” in Hawkins, (ed.), *Civitas: Religious Interpretations of the City*, p.3.

<sup>21</sup> Nehemiah 3:3-32

<sup>22</sup> Jeremiah 29:7

story of Nehemiah is illuminating. It was not just an elite of Israel, or for that matter the lower echelons of society, who co-operated in rebuilding the city. It involved everyone, each concentrating on their local patch.<sup>23</sup> This passage gives a crucial glimpse into the division of responsibilities for such a major project, showing how everyone made a small, vital, local and co-operative contribution. The passage in Jeremiah 29 goes a step further, commanding co-operation with hated enemies for mutual gain.

One of the most intriguing passages in this light is Matthew 12:25. Jesus is dismissing the allegation that his ability to cast out demons is a result of him being demonic himself. He rebuts this, using the analogy that “a city divided against itself will not stand”. Whilst Jesus is not specifically making a point about cities, he uses the analogy because he considered it to be self-evidently true. Disunity within a city brings ruin and decline. Unity breeds success, and unity is a product of strengthened relationships seeking after common goals.

Overall, the Bible’s view of common enterprises is an extremely inclusive one. One cannot draw too many parallels between the organisation of the Church and that of modern cities. However, the Church is supposed to be the best example of an organisation in which co-operation is along Godly lines. It is to be, in Paul’s famous words, like a body, with everyone’s contribution valued, however great or modest that might seem in human terms.<sup>24</sup> The Bible consistently teaches that the absolute size of an individual’s contribution to the corporate effort is unimportant. What matters is their attitude, often seen in their contribution relative to their income. This is seen both in the practice of tithing<sup>25</sup> and in the story of the widow’s mite.<sup>26</sup>

### *5.3.3. Example: loans to the poor*

Deuteronomy 15 states that there will always be poor people around. It then gives practical advice about how to deal with this. In Deuteronomy 15:7, the command is given: “If there is a poor man among your brothers in any of the towns in the land that the Lord your God is giving you, do not be hard-hearted or tight-fisted towards your poor brother. Rather, be open-handed and lend him what he needs”.<sup>27</sup> This command to loan to the poor, rather than just to give, might come as something of a surprise. However, it is not an isolated command in scripture. In Psalm 37, the Psalmist states that “the righteous are always generous and lend freely”.<sup>28</sup> Psalm 112 comments that “good will come to him who is generous and lends freely”.<sup>29</sup> There is also New Testament support for this principle. Jesus urges people to lend to those from whom they expect no return.<sup>30</sup>

It is interesting to note that the recommended charitable mechanism is that of interest-free loans, and not one of grants. It is possible that the reason for this is a relational one. Ensuring repayment of the loan gives the lender an ongoing interest in the economic fortunes of

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<sup>23</sup> Nehemiah 3:3-32

<sup>24</sup> Romans 12:4-8

<sup>25</sup> Leviticus 27:30

<sup>26</sup> Luke 21:1-4

<sup>27</sup> Deuteronomy 15:7

<sup>28</sup> Psalm 37:26

<sup>29</sup> Psalm 112:5

<sup>30</sup> Luke 6:35

the borrower, creating a relationship, perhaps with a mentor quality about it. It prevents panic and guilt giving which can arise out of a desire to rid oneself of the distasteful, immediate spectacle of poverty. It promotes ongoing, committed relationships between people who are probably from different segments of the community. The loan emphasis is probably also an acknowledgement that people are “hard-hearted,” as Jesus points out in Matthew 19:8.

However, as a caveat, the Bible does not recommend debt as an ideal state of being. Whilst it may have the above advantages, it does mean that, in most cases, an unequal relationship is set up, with the lender dominant. This is reflected in Proverbs, which states that the “borrower is the servant of the lender.”<sup>31</sup> This is probably why the exhortation to lend freely is tempered by the mechanism of frequent debt forgiveness, every seven years.<sup>32</sup> In this loan mechanism, which is designed for remedial action against poverty and inequality, can be seen the principles set out above. It is not the responsibility of the state, or the church to bail out a poor individual. It is a local responsibility, to one’s “brother”. At the same time, it is a responsibility for everyone who has something to share. The command is not addressed just to the rich, but to all who can or could help.

## ***6. A Contemporary Application***

Section 5 set out some Biblical principles for remedial action against poverty and inequality. It also gave the illuminating example of the command to lend to the poor at no interest. These principles can provide a helpful analytical framework for modern Western societies.

### *6.1 Local Responsibility*

In many places in the UK, there is not a strong culture of local pride and responsibility. One piece of evidence for this comes from the public mood underlying recent general elections. Voters consistently expressed “compassion” and a desire for better public services in opinion polls, but then voted for parties which promised lower taxes. This sort of double-think is an example of how people expect Government to provide a better environment for them and those around them, but cannot see that this involves a contribution from them. Where problems exist, there is an unquestioning assumption that the Government must solve them. One pernicious trend in this regard is the establishment of a National Lottery. Again, the Lottery promotes the view that it is the responsibility of the Government to address the evils of society. It also undermines people’s belief that they themselves can have an impact.

Sarah Ryle, a Guardian journalist, compares attitudes to civic benefaction now and in Victorian times. She finds that people have lost the urge to give of their resources to benefit their surrounding community: “Victorian philanthropists built communities like Port Sunlight and Bournville, today’s elite builds fortified estates to protect it from the real world”.<sup>33</sup>

### *6.2. Co-operation and inclusion*

Whilst recent years have ushered in a more thoughtful urban policy, it still tends to

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<sup>31</sup> Proverbs 22:7

<sup>32</sup> Deuteronomy 15:1

<sup>33</sup> S. Ryle, “Election slams message home”, The Guardian, 10.3.97, p.18.

revolve around “key players” and exclusive partnerships. Urban policy in the 1980s was based on a belief that Local Authorities were inefficient, and that regeneration of disadvantaged areas relied upon property and private enterprise. This spawned policies centring on quangos, such as Urban Development Corporations, which were designed to bypass Local Authorities and local communities and lever in as much “private investment” as possible.

A consensus is emerging that the impressive property redevelopment in these areas has often failed to “trickle down” to local disadvantaged people. There have been major additionality problems: jobs have been transferred from elsewhere (displacement) or would have been created anyway (deadweight). More recent policy, such as City Challenge and the Single Regeneration Budget Challenge Fund has been more positive. It revolves around competitive bidding for regeneration funding. Bids are put up by partnerships of Local Authorities, voluntary and community organisations and local business. Early evidence is of more effective regeneration by this method. It is more co-operative, more inclusive and promotes greater local responsibility.

However, there are two major criticisms of it from the Biblical perspective set out in Section 5. One of these is that the local responsibility is still quite low. Most people in a city will not realise that any of these policies are under way locally and would not feel that they ought or could make a contribution. Partnerships tend to be of “key players” rather than from a wider spectrum of local society. In addition, co-operation is often quite laboured or even superficial. Many partnerships have formed primarily for the purpose of attracting funding. Power disparities within partnerships can be major problems. These two problems have already been mentioned in section 3.1, in the context of explaining the nature of good urban relationship. More detail is given there.

Perhaps the most important insight from the Biblical material is the nature of community. Community is indeed a buzz-word in modern urban policy, with faddish phrases like “community capacity” and “community enterprise” fast becoming clichés. However, the communities that these refer to are basically those suffering the worst problems: the inner city areas and peripheral social housing estates which suffer from unemployment, crime, alienation, poor services and family breakdown.

An insight from section 5 is that the advantaged have a responsibility to help the disadvantaged in their locality. Community is not just the poor. It is the whole local community, rich and poor. The affluent have the resources of money, skills and experience to make a difference to the poor areas. Section 4 showed how this could actually be in their own interests. It was also noted how close these areas often are geographically. However, it is the poor areas in which urban policy expects organisational and motivational skills to arise to address massive problems. These problems affect everyone in the locality, and they are everyone’s responsibility.

### *6.3. A Specific loan mechanism*

A specific example of Biblical principles of remedial action against poverty and inequality was given in section 5.3.3. It was that of interest-free loans to the poor. It is argued here that loan mechanisms still have much to commend them as tools to tackle urban problems. It was noted that there were two probable reasons for the loan mechanism in the Bible. One was to mobilise more money than a request for grant aid would provide, due to “hard-heartedness”. The other was to build in an element of long-term relationship, producing commitment to the

borrower on behalf of the lender. This requires local contact and a local focus. These two factors are present in the new and encouraging phenomena of ethical and social investment. Ethical investment prevents money being invested in firms which are in some way “unethical” (e.g. those which are involved in tobacco, arms manufacture, animal experimentation or which operate in countries which have oppressive regimes).

Social investment goes a stage further. Rather than having negative criteria for the firms of projects it will not invest in, it specifies those that in which it will. It identifies projects, often at a local level, which make a positive contribution to society and channels investment into these. One example is the Aston Reinvestment Trust in Birmingham, which recycles the profits of local firms into investments in projects of local social value. Social investment is particularly relevant to this discussion. It has a strong relationship angle, as it is often based at a local level with an element of long-term commitment. At the same time, it is based upon a realisation that more money can be generated through loan and equity finance than through appeals for grants.

It also bypasses the problems faced by many charities of growing ‘compassion fatigue’. If people are moved to give to a good cause on one occasion, it might actually make them harder in their criteria for future giving. The well-documented case of the 1985 Ethiopian famine is an interesting case in point. The charitable response to this was strong (e.g. “Live Aid”), but the size of the appeal has made subsequent appeals on similar subjects more difficult to raise money for.

Since loans (in the form of savings, for individuals) are part and parcel of everyday life, unlike charitable giving (for many people), the chances of raising money through a loan-mechanism on a long-term sustainable basis are higher. If the relationship between donor and those aided by the donation is longer-term, there is less room for the guilt motive that can unhappily characterise some short-lived charitable giving.

## ***7. Practical Mechanisms***

It is thus arguable that a loan mechanism might be a valuable contribution to addressing local urban problems, accessing the resources of the more affluent, building relationship between them and the “have-nots” and providing a source of longer-term, committed finance. There are many ways in which this could practically be implemented. However, they should have several factors in common: practical solutions should be those that build relationships, and should be co-operative, inclusive and focused on a local level.

### *7.1. An Employment Bond*

Section 2 stressed how the Jubilee Centre, and its sister organisation the Relationships Foundation, are research and initiatives organisations: they attempt to implement detailed research in the form of practical initiatives. The Relationships Foundation’s “Citylife” project has been looking at ways to enshrine the principles detailed above in practical projects in UK cities suffering from unemployment. One way in which this can be done is in the form of an “Employment Bond”. The Centre and the Foundation would be the first to acknowledge that this is only one of a family of similar ideas to set up ways to raise finance and build urban commitment via strong relationships.

The idea of an Employment Bond is that people in a particular city are offered the

opportunity to deposit money with an Employment Trust at zero (or possibly low) interest. They are guaranteed repayment of the deposit after 5 years. The interest on the sum deposited is used to support local employment projects (probably through an Intermediate Labour Market, which is explained below). The capital is invested to generate this interest. It must be invested so as to ensure repayment. There are several ways to do this, but some attractive options involve investing the money in local SMEs or housing associations so that people can know that every penny they have lent is being used locally. The money lent by individuals could be supplemented by endowments from local firms and major donors, contributing to a substantial amount of interest which could be spent on employment projects annually.

The Intermediate Labour Market (ILM), as pioneered by the Wise Group and Glasgow Works among others, is a proven way to help the long-term unemployed back to work. It involves a spell (6-12 months) in a real job in the “social economy” (i.e. the community sector with the potential to become self-financing). They are real jobs with real pay-packets giving a boost in confidence and skills for those who have not worked in some time. In ILM schemes thus far, jobs in projects have been many and various, ranging from child-care to environmental clean-up and from home insulation for the elderly to production of health-awareness magazines.

Results have been impressive: the Wise Group ILMs have seen around 50% of participants go into employment within three months of leaving the schemes. Others return to education. The Glasgow Works ILM has even more impressive figures, with 65% of participants finding work within 3 months of their time in the ILM.

An Employment Bond mechanism could provide extra finance for such schemes. There is some Government money for ILMs, in the context of the “New Deal” and the idea of “Employment Zones”. However, these are focused mainly on a particular client group (the under-25s, or those in strictly delineated geographical areas). They must also split their funds between ILMs and other uses (the New Deal has four options for the young unemployed). Thus, there is still a strong need for extra funding.

Another advantage of Bonds is that the capital as well as the interest can be used creatively. If the capital from the Bonds can be invested locally (e.g. in Housing Associations or SME development), it can help create jobs for the ILM participants to move into. A further point is that in a world of “matching funding” and “challenge funding”, a city willing to raise some of its own funds and thus demonstrate initiative is likely to attract extra public funding and pilot or pathfinder status for new spending projects.

Bonds can also provide a resource which is arguably as important as the money: local involvement via relationship. Some of those who invest in Bonds will wish to see how their money is being used. Opportunities could be given for them to choose the project their money was supporting, and attend project open days to begin to understand the perspective and concerns of those on the schemes. Obviously, this has to be done in a constructive way, sensitive to the dangers of being patronising.

The fact that the bonds are local, and the results are visible, both in terms of physical structure and people, is a boost to the appeal of the idea and to local relationships if it takes off. Relationships are built in a number of ways. Face to face contact is more likely, contact is over a long period (the length of the loan) and both “have” and “have-not” make a contribution: one with money, the other with labour time in valuable social economy projects. They are attacking a common problem with different resources. If they meet, they do so in a different context from

normal. These various elements can be seen to be fit in with those argued to underpin strong, committed relationships (described in Section 3).

The Bond idea tries to take into account the other principles from section 5 as well. It is trying to boost local responsibility, asking for a contribution aimed only at local problems which can be seen to affect the donor. It is co-operative, giving the wider community a way to be a funding partner in local development. It is inclusive in that Bonds could be sold in denominations small enough for lower-earners to be involved. The Relationships Foundation has been investigating this idea in Sheffield, working as a partner with, among others, the South Yorkshire Community Foundation and Sheffield Enterprise Agency. In Summer 1997, it commissioned some market research in Sheffield into potential demand for a Bond. The results were extremely encouraging. Focus group discussions helped to refine the concept. A quantitative survey was then carried out among more affluent Sheffield residents.

Significant results included:

- 69% considered tackling unemployment a high priority in Sheffield;
- 55% thought the Employment Bond initiative good or very good;
- Only 19% considered it poor or very poor;
- 57% think people like themselves would buy a zero interest bond;
- 72% think people like themselves would buy a low interest bond;

Whilst the denominations people would consider buying tended to be £50 to £250, there was a substantial minority of potential larger purchases, rising linearly with income. People considered that newsletters, choice of projects and open days might be good ways to involve Bond purchasers in the projects. They were keen for the involvement of some partners, especially the TEC and businesses. As a consequence, the Citylife project is looking at ways to pilot the idea in Sheffield. Other cities which have been involved in various capacities include Teesside, Norwich, and Swansea. Further information on the project can be gained from Dr Martin Clark or Dr Michael Schluter at Citylife.<sup>34</sup>

## *7.2. Other Ideas*

Whilst the main focus of Citylife's recent work has been on the Employment Bond idea, the analysis suggests some other options which might bear fruit in future. One is to apply the Relationships Foundation's "Relational Audit" methodology to urban partnerships. As noted in section 2, this methodology has helped improve key relationships in prisons, NHS purchaser/provider relationships and businesses. The relationship approach could also be employed in the "twinning" of geographically close but socially diverse neighbourhoods, to strengthen their bonds and mutual commitment and understanding. Mentoring arrangements between such areas would also be a possibility. Analysis of the relationship effects of urban design and architecture may also be interesting. Preliminary work has already been done on the relational dynamics and problems of tower blocks and of social housing estates. Another area

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<sup>34</sup> Address given at the end of the paper.

of investigation could be that of local relational networks for businesses, to exploit the competitive advantage which some commentators believe comes from “clusters” of inter-related firms being concentrated in one geographical area.

## **8. Conclusion**

This paper has covered a range of different topics. This conclusion does not attempt to summarise these. A map of them is given in section 1, which explains the lay-out and general argument of the paper. This conclusion instead aims to bring out three principles which could make a difference to cities, and which add to or challenge the emerging urban policy consensus. They are principles which arguably have their root in Biblical teaching. Section 5 has more detail on this.

### *8.1. Regeneration is not just the responsibility of government*

The new Labour Government has been welcomed by many in the world of urban policy because it is felt likely to do something about the problems of urban decay and social exclusion. Whether it can make a significant contribution or not is to be seen. However, if Government alone is expected to contribute to the solution, the problem will not be solved. Many of the much-needed resources of time, commitment and local knowledge cannot be found in Government. They exist in the local area and can only be tapped by policies and initiative sensitive to the relationships underpinning the success and failure of these cities.

### *8.2. Regeneration is not just the responsibility of disadvantaged communities*

Recent urban policy wisely acknowledges that “community” is an important partner in successful regeneration. The usual definition of “community” in this context is those people who live in the disadvantaged area in question. However, it is not just the disadvantaged who are affected by urban problems, it is all citizens. The whole city, which suffers from disadvantage in its midst, also has much greater resources than the disadvantaged area to tackle these problems.

The disadvantaged areas have many resources and qualities, but part of their problem is outward migration of those who have financial resources, who have contacts and who have organisational and motivational skills. These need to be tapped for successful regeneration. This can only be done by demonstrating the interdependence of all citizens, and harnessing the support of the wider community. Involving business is a start, and a welcome one, but it is not the whole story.

### *8.3. Practical methods can be developed to harness local resources for regeneration*

The Relationships Foundation’s research has found that people realise that more needs to be done in terms of regeneration and employment and that there are needs which Government alone cannot meet. A loan mechanism, with interest and capital invested locally, can provide a way for this potential enthusiasm to unlock financial and relational resources to make a real impact on the unemployment and other urban problems of British cities. The “Employment Bond” concept is trying to do just that, with pilot work going on in Sheffield.

*Further material on the issues raised in this paper is available from Citylife, Jubilee House, 3 Hooper Street, Cambridge, CB1 2NZ, 01223-566333, in the form of two papers: “The*

*Relational City” and “The City in the Bible: a Relational Perspective”.*

## SHOULD THE CHRISTIAN ECONOMISTS BE A THEONOMIST?

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### *1. Introduction*

At the end of the nineteenth century the Reformed theologian A.A. Hodge wrote "the kingdom of God on earth is not confined to the mere ecclesiastical sphere, but it aims at absolute universality and extends its supreme reign over every department of human life... it follows that it is the duty of every loyal subject to bring all human society, social and political as well as ecclesiastical, into obedience to its laws of righteousness".<sup>1</sup> This suggests that the Christian calling is a very extensive as well as high one. Not only is the individual Christian duty bound to follow Christ as Lord and Saviour but, if Hodge is right, there is further divine mandate to seek the construction of society, including the economy, on explicitly Christian lines.

The Theonomists (sometimes termed Christian Reconstructionists) have sought to rise to Hodge's challenge and argue that we should obey *all* of the laws presented in the Bible (not simply the Ten Commandments but also including the whole of the Mosaic law). We should also expect the state to enforce this observance on all regardless of whether they are a believer or not. Theonomists have been gaining in strength in the USA over several decades and there are now signs of interest in the UK. For example, the prominent American Theonomist Greg Bahnsen visited England during 1993 and before this the journals *Calvinism Today* and *Christianity and Society*, amongst others, were already disseminating Theonomic ideas. The time is therefore ripe to evaluate Theonomy which is what this article attempts to do with particular stress on the links between Theonomy and economics.

This task has been greatly eased by the publication of two books which neatly summarise the two sides of the argument. First, there is G.L. Bahnsen (1984) *Theonomy in Christian Ethics: Expanded Edition with Replies to Critics*, Presbyterian and Reformed Publishing Company, Phillipsburg (hereafter referred to as Bahnsen). Although Rushdoony<sup>2</sup> was perhaps the pioneer of Theonomy, Bahnsen probably provided the principle "serious" exposition of Theonomic thought together with an attempt to respond to the critics of this school (sadly, Bahnsen died in 1995). In contrast, the second book, W.S. Barker and W.R. Godfrey (eds.) (1990), *Theonomy A Reformed Critique*, Zondervan Publishing House, Grand Rapids (hereafter, Barker and Godfrey), represents a disguised compliment to the success of Theonomy in gaining influence in the USA especially amongst the "Reformed" churches (i.e. those of a Presbyterian/Calvinist background) though there are now, for example, charismatic and Catholic Theonomists. It represents a series of essays in which members of the staff of Westminster Theological Seminary in Philadelphia respond to Theonomy from the perspectives of hermeneutics, sociology, church history, social and economic policy.

### *2. Defining Theonomy: The Two Key Propositions*

Before proceeding any further it is necessary to define Theonomy.<sup>3</sup> Although Bahnsen offers an extensive definition (his ten points, pp. xvi-xvii) this seems reducible to two key propositions: first, the "... continuing validity of the law in exhaustive detail", and, second, the obligation on modern governments to follow the government of Old Testament Israel in enforcing such obedience.

(a) *Twentieth century Christians are still obliged to obey the Mosaic law, because of “[the]... continuing validity of the law in exhaustive detail” (Bahnsen p.39).*

In support of this contention the Theonomists would advance what might be their favourite text; Matthew 5:17-18, where Jesus said, “... I have not come to abolish them [i.e. the Law and Prophets] but to fulfil them... not the smallest letter, not the least stroke of a pen, will by any means disappear from the Law until everything is accomplished” (this, and all other Bible references, taken from the New International Version). For the Theonomists this provides Divine endorsement of the claim that the law of Moses still stands.<sup>4</sup>

(b) *Modern governments are obligated to enforce the law IN DETAIL just as that of Old Testament Israel was.*

In this case, the Theonomists have less direct textual evidence but claim that such a case can be reasonably deduced (Bahnsen, pp. 339-364). (They note how the Old and New Testaments claim God as the foundation of all political authorities and also the injunction to believers to work for the good of even heathen political entities; Jeremiah 29:7). In Deuteronomy 4:6-8 God says, “Observe them carefully [i.e. the laws delivered to Moses], for this will show your wisdom and understanding to the nations, who will hear about all these decrees and say ‘Surely this great nation is a wise and understanding people’. What other nation is so great as to have their gods near them the way the Lord our God is near us whenever we pray to him? And what other nation is so great as to have such righteous decrees and laws as this body of laws I am setting before you today?” In other words, Old Testament Israel, its laws and consequent systems of personal and social righteousness was set up by God to be a model for the other pagan nations. The Theonomists see no reason why this should cease to be true during the Christian era. One notable consequence of the application of Mosaic law would be that a considerable list of crimes, and indeed certain immoral actions which would not now conventionally be considered as crimes in the legal sense, would become capital offences (Bahnsen, p. 445).

### ***3. The Strong Points Of Theonomy***

#### *No platitudes or vague generalities*

Having defined Theonomy it is perhaps best to begin by noting some of its attractive properties. Those who hope for the development of Biblically based social ethics have reasons to provide at least one cheer for Theonomy. To begin with, whilst some Christian comment on social, political or economic matters has sometimes been at best vague and, at worst, platitudinous (Barker and Godfrey, p. 389),<sup>5</sup> the very detailed prescriptions of Theonomy avoid being either. Bahnsen (p. 479) argues, “The Law of God and its promotion also offers an answer to the current social-political irrelevance of the orthodox churches of Christ”. Indeed, Bahnsen accused the non-Theonomic mainstream churches in America of losing the ability to say anything meaningful as to how people should live in contemporary society. They “analyse into a mist and mysticism” (Bahnsen, p. 15).<sup>6</sup>

#### *Application of the whole Bible*

Not only do Theonomists attempt to lay down definite prescriptions for the social order but they try to base this on the whole Bible. This contrasts to those evangelicals who sometimes give the impression that Leviticus and Deuteronomy are somehow less canonical than the rest of the Bible because, after all, they do not seem to have much to say to the modern Christian! The Theonomists do find something in Leviticus and Deuteronomy and they display a due reverence for the law of God. Even though the law in itself cannot provide either justification before God or the empowerment for obedience, it remains, writes Bahnsen, “a transcript of God's holiness and the standard for human righteousness” (Bahnsen, p. 146).

### *The optimism of Reconstruction*

Some at least would count it an attraction of Theonomy that it is an activist and optimistic Christian movement. They really do believe that they can turn the world upside down. Indeed, they aim to reconstruct society along lines which conform to the universal lordship of Christ (hence “Reconstructionism”). “If DL Moody thought the world was a sinking ship from which souls should be rescued, the Reconstructionists want to commandeer the ship, repair it and sail towards their own destination”.<sup>7</sup> Historically, the Reformed churches have had a reasonable track record in stressing the Creation Mandate (i.e. the idea, based on Genesis 1:28, that God has commanded human cultural development as part of the fulfilment of His Creation purposes)<sup>8</sup> but perhaps they could now learn from the enthusiasm which the Theonomists seem to be tackling the reconstruction of society. They appear to be more Calvinist than Calvin himself.<sup>9</sup>

### *Crime and more punishment*

From what they see as their firm Biblical foundations the Theonomists have not been slow to sally forth to attack the influence of other philosophies and ideologies within the church and elsewhere. In some ways this has been beneficial. For example, they rightly stress that the criminal justice system should, amongst other things, provide punishment. This sets them against the humanistic view that punishment is a barbarous relic. This “liberal” downgrading of punishment may have occurred in part because of self-perceived guilt on behalf of the “haves” that they have no right to punish criminals from amongst the “have nots”, or because violence is sometimes seen as justified if committed for political motives, or because of the general corrosive impact of relativism, social Darwinism and existentialism on belief in moral absolutes.<sup>10</sup> “Thus there is a crescendo of the crime rates of all major cities of the world... and a continuing expression of group anarchy or terrorism... In the face of all these situations... neither the government of the United States nor the Christian church of the said nation have done what is requisite in the way of supplying an antidote” (Bahnsen, p. 8).

The Theonomists also argue (e.g. on the basis of Exodus 22:1 which states the rate at which sheep or oxen thieves must make reparation to their victims) that criminals must attempt to make restitution. (The Theonomists have not been alone in recognising the failure to provide for restitution as a major gap in most modern judicial systems.<sup>11</sup>)

### *A celebration of wealth creation*

Business and economics represents another field in which Theonomy at least partly provides a useful corrective to certain strong and sometimes damaging influences. The

Theonomists rightly celebrate wealth creation as something mandated by God and also as the means through which historically levels of poverty have been most often reduced. In taking this position they run counter to what has been a very strong tradition in the church which has either downgraded wealth creation completely or at least accorded it much less favour than the redistribution of wealth.

For example, Augustine declared “business is in itself evil”. Any bias against business may have been consolidated during the predominance of the church in medieval Christendom. Since the pre-1600 period was characterised by very slow economic growth and a sort of crude centrally planned economy there may have been inculcated into church leaderships habits of thought which are now highly inappropriate in an era of dynamic market economies.<sup>12</sup> There is a danger that the current teaching programmes of evangelical churches restrict their message on wealth and economics solely to the New Testament strictures against a materialist philosophy of life. This means that many Christians do not realise how much the Bible (especially the Old Testament) praises creativity, and socially responsible and just technological change and economic activity. In fact, even churches which give a very high position to the Bible are prone to absorb the ideas of the outside culture. This means that they sometimes confuse what was once a generally accepted political consensus (e.g. in the UK for the Attlee Welfare State of 1945-51, or in the USA for the Great Society of the Kennedy-Johnson 1960s) with a distinctively Christian position. A further manifestation of the anti-wealth creation bias has been displayed by attitudes to the so-called “Third World”. Perhaps the most vocally expressed view in recent decades has been the argument that the poverty of the less developed countries can be mainly or even entirely attributed to the wealth of developed world.<sup>13</sup>

Against all these views, and especially the last, the Theonomists have provided a useful corrective. They have noted that poverty has sometimes been a consequence of the behaviour of the poor individual or, indeed, the poor nation, and especially of sinful behaviour. One does not have to accept all of the premises of the Theonomists' arguments to agree that they may have generated *some* valid conclusions with respect to issues such as crime and punishment and riches and poverty. However, have they really worked out from the Bible a watertight system of Christian ethics? There follow some reasons why they have not.

#### ***4. Flaws in Theonomy***

##### *The deceptive simplicity of Theonomic ethics*

Perhaps the major reason for the growth of Theonomy has been its attractive simplicity. The answer to the question how should we live, and to the question of how society should be governed, is in both cases the application of all the Old Testament laws. Unfortunately, this simplicity breaks down on closer inspection. Even Bahnsen admits that not every Mosaic law can be directly applied in the context of modern society.

Take, for example, Deuteronomy 22:8; “when you build a new house make a parapet around your roof so that you may not bring the guilt of bloodshed on your house if someone falls from the roof”. Since American homes typically do not have flat roofs, and the Middle Eastern custom of going up onto the roof is not usually followed, Bahnsen concedes there may be little point in direct enforcement of this injunction. However, he argues that owners of private swimming pools (perhaps more common amongst US Theonomists than UK evangelicals!) must put a barrier around the edge. The point is not that Bahnsen is wrong to argue this but that he has done what non-Theonomists who take the Bible seriously have been trying to do for many years;

disentangle which parts of the Bible are culturally specific from those which have a timeless significance.<sup>14</sup> Bahnsen further admits that application of the Old Testament to our own circumstances is “not any easy or simple task” (Barker and Godfrey, p.122). Hear, hear to that! Unfortunately, some Theonomists may have given the impression that the Old Testament law can be applied in a very mechanical way.

*Problems with each of the interpretative frameworks*

The application of Theonomic principles is therefore not as straightforward as it would at first seem. Moreover, difficulties attach to Bahnsen's general approach that all Old Testament laws should be regarded as binding to us unless specifically abrogated in the New Testament. Would the Theonomists seriously argue that the prohibitions of Deuteronomy 22:9 (do not mix crops) and 22:11 (do not wear blends of wool and linen) still apply to the Christian (Barker and Godfrey, p. 104)? (It is only fair to add that the symmetrical approach, that only those laws specifically endorsed in the New Testament still stand today, is equally problematic; most evangelical Christians would condemn cross-dressing but the New Testament provides no direct support for the prohibition expressed in Deuteronomy 22:5; Barker and Godfrey, p. 110, Leviticus 18:23 presents a similar problem.) Bahnsen does admit that Old Testament ceremonial laws do not apply to the Christian (Bahnsen, pp. 208-216). In this he is agreeing with the traditional Reformed approach to the identification of those laws which have abiding validity whereby ceremonial laws are seen as being fulfilled by the coming of Christ; obedience to such laws in Old Testament times is in the Reformed view seen as a paradigm, i.e. something from which the Christian can read across lessons but does not necessarily apply directly. He would therefore presumably argue that Deuteronomy 22:9 and 22:11 represent ceremonial provisions, i.e. the separation of God's people from contaminating influences, but the New Testament does not spell this out (though certain provisions, e.g. dietary (Mark 7 and Acts 10), are clearly abrogated). The point is that although Bahnsen charged his opponents with imposing an interpretative framework onto their application of the law (Bahnsen's implication being that the law of God is thus overturned by the customs of men) he himself resorted to an interpretative framework; the ceremonial/non-ceremonial distinction.

*An exact blueprint for criminal justice?*

When the interpretative or hermeneutical foundation is weak one should not be surprised that some of the applications are flawed, and so it is with Theonomy. Notwithstanding the earlier praise for some aspects of their teaching on criminality and economics, the reservations against their conclusions may be overwhelming. For example, is it legitimate to deduce that because Old Testament Israel appears to have had no prisons (or at least Moses made no provision for them in his instructions prior to the conquest of Canaan) there should be no prisons in modern western societies (Barker and Godfrey, p. 44)? The Theonomists infer that God's intention is that state authorities should eliminate the criminal class (either through personal reform in the case of minor offenders or through the execution of the more serious; one consequence of the application of the Mosaic law would be, of course, that the range of capital crimes becomes very large). Many people, including many Christians, would be horrified by these suggestions.

Such a reaction does not deter the Theonomists who dismiss such opposition as the exaltation of liberal secularist arguments over and above God's standards (Bahnsen, pp. xxiv-xxvii). The key criticism of Theonomic penology is not that it is distasteful but that there may be a misunderstanding of the way justice was applied in Old Testament Israel. There is a view that

the authorities in fact had some discretion in applying the punishment for each crime. This would parallel the interpretation that “an eye for an eye etc.”, the *uis talionis*, established maximum permissible levels of retribution rather than prescribing obligatory responses (Barker and Godfrey, p. 52). Certainly, we have two recorded cases where the state authorities did not immediately deal with what were apparently capital crimes; blasphemy (Leviticus 24:10-16) and Sabbath breaking (Numbers 15:32-36). Execution only occurred following a specific divine intervention; a “word from the LORD”. The Theonomists would presumably respond that the law was eventually applied. What they could not deny is that king David, who as a murderer and adulterer was twice over deserving of capital punishment, was reprieved. In other words, even in Old Testament Israel there appears to have been some discretion in the application of punishment. None of this is deny that modern state governments still have a God-given responsibility to administer justice (Romans 13:1-4) and that Christians can call upon such governments to be “tough on crime and on the causes of crime”, to use the now hackneyed phrase, perhaps even to the point of application of capital punishment against murderers (because the instruction that murderers should be executed is provided in Genesis 9:6 and therefore predates the giving of the Mosaic law, it can be seen as part of the Creation order which has a timeless and universal significance). The Christian is not however necessarily obliged to start closing prisons!

#### *The Wealth of Nations or Neo-Austrian economics goes to church*

The flaw in Theonomic economic thinking is that they fail to appreciate the extent to which the poor, either locally or globally, cannot always help themselves. Chilton<sup>15</sup> argued that the Third World is under the judgment of God. It is certainly true that Deuteronomy 28 warns that national poverty can follow national unrighteousness. No doubt sinfulness is a primary cause of Third World problems but Chilton fails to distinguish whether it is the sin of ordinary Africans, Indians and Latin Americans, or the sin of their governments, or indeed the sin of western governments and companies. By implying that it is exclusively the sin of the Third World poor which is to blame, the Theonomists encourage a rather callous disengagement by rich Christians from the conditions of the poor in the world.

The rather simplistic “monocausal” Theonomic explanation of global poverty may ultimately be as unhelpful as the similarly monocausal explanation, now apparently favoured in some mainstream evangelical churches and their development charities, which demonises the IMF, World Bank, and western multinationals and asserts (but does not prove) that developed world affluence causes underdeveloped world poverty.<sup>16</sup> In truth poverty and riches are sometimes the consequences of exploitation and structural sin but sometimes they can come about by variations in work effort, enterprise and efficiency in the use of resources. The Bible supports the possibility of both situations and therefore it is wrong to claim either explanation as the only permissible one for Christians to adopt. The question as to which interpretation of poverty is right in any given historical circumstance is therefore partly an empirical one and so it would be helpful if Christians, both Theonomic and non-Theonomic, addressed themselves more carefully to the economic evidence before pronouncing on the causes of poverty.

The Theonomists argue that not only are the poor of the Third World largely responsible for their own fate but they would claim the same is true for the poor of Chicago and New York, or indeed Dublin and London. As a result they are reluctant to see either state welfare or private charity applied beyond the “deserving poor”. In this respect one can see some cross-over between Theonomic social policy and the New Right/neo-Conservatism which came into vogue in the 1980s.<sup>17</sup> However, it is worth noting that the Theonomists have adopted a position on

economic policy which would make Mrs Thatcher and Mr Reagan, or Michael Portillo and Newt Gingrich or even Adam Smith and Milton Friedman look socialistic!

Theonomic economic and social policy does bear striking similarity to neo-Austrian economics though some of the philosophical foundations certainly differ (e.g. ethics are brought up front in the analysis of the working of the economy and the Theonomists, unlike the neo-Austrians, would argue that certain moral values and Christianity in particular are prerequisites for the successful operation of a market capitalist economy). Perks (1996) thinks the parallels between Theonomy and neo-Austrianism are not accidental; "... the unconscious acceptance of some important epistemological and ethical presuppositions (i.e. borrowed intellectual capital) by at least its most celebrated protagonist, Ludwig von Mises, has made Austrian economics in practice, although not in theory, quite consistent with the Christian (i.e. Biblical) view of economics".<sup>18</sup> Von Mises publisher in the USA was Frederick Nymeyer who was a Calvinist and perhaps a proto-Reconstructionist. R.J. Rushdoony, who knew him, reckoned that von Mises was most at home intellectually and culturally in a Calvinist environment, although he never became a Christian. (This Theonomic emphasis that the neo-Austrians, notwithstanding their lack of any explicit Christian underpinnings, through serendipity hit upon "Biblical economics", is perhaps curious. Theonomists have generally followed Cornelius van Til in arguing that *any* theoretical or academic endeavour by non-believers will be fundamentally flawed epistemologically.) For the Theonomists the modern state should undertake no actions other than those directly prescribed in the Old Testament and New Testament and this leaves little scope for anything beyond the provision of law and order and defence forces.

As in the case of crime policy, the Theonomists appear to have no difficulty about being out on a limb. All their opponents, they argue, have fallen prey to humanistic, collectivist fallacies. Presumably, they would think, these fallacies have even infected the American Republicans and British Conservatives which explains why even right-wing governments have been unable to reduce the state's share in national income. The more fundamental issue than the political isolation of the Theonomists is whether they are right to use the Bible in the way they do and more particularly should modern governments restrict their activities to only those things which have direct Biblical precedents? Application of that principle might have halted Wilberforce's campaign to abolish slavery throughout the British Empire. In fact there may be some Biblical support for moving beyond the minimum or *laissez faire* state; for example, Joseph's anti-famine measures.<sup>19</sup> In addition to criticism relating to the empirics of their argument that the poor are always responsible for their fate (the proportion of the USA poor who are able bodied single males is quite low; Barker and Godfrey, p. 267) a more fundamental failing in the Theonomists' position is that it may spring from an inadequate appreciation of the quality of God's grace (Barker and Godfrey, p. 274). His grace is, after all, the presentation of a priceless gift to the entirely undeserving. So perhaps individual Christians, and even the state social security system, should sometimes extend charity even to those who appear to have brought hardship upon themselves. (Acceptance of this principle is not to deny the inevitability of budget constraints at either personal or national level which limit the amount of help which can be given.)

### *Calvin was no Theonomist*

In spite of, or perhaps because of, the controversy which therefore attaches to aspects of applied Theonomy, some Theonomists, though not all<sup>20</sup>, have been anxious to establish an impressive pedigree for their school. Calvin, the Westminster Confession of Faith and the New England Puritans have all been hailed as proto-Theonomists. It is true that sixteenth and

seventeenth century Reformed thinkers appear to have taken a more robust position relative to their twentieth century theological descendants on the possibility of using state power to enforce social righteousness (including the use of capital punishment against a wider range of crimes).<sup>21</sup> However, this similarity to Theonomy is more superficial than substantial given that the Reformers and Puritans arrived at their position using quite a different approach than the direct and exhaustive application of Old Testament law. For example, Calvin certainly started from God's moral law, this for him was summarised in the Ten Commandments, but then allowed natural law and circumstances to influence any detailed application to, say, Geneva in the 1550s (Barker and Godfrey, p. 302). For example, Calvin judged that the prohibition on interest bearing loans in Deuteronomy 23 and Leviticus 25 was primarily an anti-poverty measure designed to prevent the entrenchment of absolute poverty and debt slavery in what was a mainly agricultural society. Since he saw this intention of the law, though not its outward form, as having an abiding significance, he did not feel it should prevent interest on loans made to businesses (Barker and Godfrey, p. 307). Of course, Calvin may have made a misjudgment in his re-application of this law to modern industrial society and the Jubilee Centre<sup>22</sup> has argued that the development of a financial system based on interest bearing debt has in many ways been socially harmful, but the important point in this context is that neither Calvin, nor for that matter the Jubilee Centre, are really Theonomists (some Theonomists have, in any case, been anxious to point to clear blue theological water between themselves and a Jubilee Centre approach).<sup>23</sup>

Similarly, it is very doubtful that the Westminster Confession (1643) is a Theonomic charter. It does in fact state (Chapter 19, Section 4) that the various laws associated with the social and political order of Old Testament Israel expired with the end of that state. These laws should only be applied in modern societies to the extent that "the general equity thereof" makes it appropriate. This suggests a method very similar to that adopted by Calvin (or indeed Bahnsen when he considered the applicability of parapets). The Westminster divines were in fact working within a situation of extreme political flux. The Civil War was still in progress and within six years Parliament would execute the king and the British Isles would become a republic. Issues of church-state relations, antinomianism, liberty of conscience and threats of anarchy dominated debate. Given this background, if the Westminster divines had been Theonomists then they would surely have made this crystal clear in their final document (Barker and Godfrey, p. 326). In fact they were not. Even a rigorist like Rutherford did not wish the Mosaic penalties to be applied against Sabbath breakers (Barker and Godfrey, p. 341).

So it seems that Reformed theologians and politicians in 1640s England refused to take the opportunity of very unusual constitutional conditions to impose a Theonomic state. It is perhaps even more notable that their Puritan counterparts in New England at about the same time did *not* introduce Theonomy into the New World (Barker and Godfrey, pp. 351-384). This was notwithstanding the fact that they could introduce laws starting from scratch and they had deduced the idea that something comparable to God's national covenant with Old Testament Israel was still possible for a nation state in the Christian era. Yet the full range of Old Testament death penalties was not applied.

### *The sociology of Theonomy*

If Theonomy does not come out of the stable of mainstream Reformed thought where then does this dark horse come from? Barker and Godfrey (p. 246) suggest that in some ways Theonomy is peculiarly rooted in the sociology of late twentieth century USA. The apparent simplicity of Theonomic ethics, the implication that social order and prosperity can be regained through obedience to those laws may appear very attractive to "middle America" and USA

evangelicals and fundamentalists (there is a lot of overlap between the sociological and religious categories) who have been disorientated by the loss of “protestant” political and cultural ascendancy in the USA, the development of racial pluralism and the relative economic decline of America which over two decades has squeezed middle class and blue collar living standards. In other words, Theonomy appears an attractive exit for those who find that the American dream may have become a dead end. Of course, we should beware of falling into the trap of sociological reductionism (i.e. explaining religious categories entirely by social forces thereby excluding the possibility of the spiritual). Ultimately Theonomy should stand or fall according to the merits of its Biblical interpretation. Nevertheless, some of the sociological insights have validity. After all, why did we have to wait until twentieth century America for Theonomy to appear? Why was it absent in other places and times where Reformed or evangelical Christianity was strong (seventeenth century Scotland or the Netherlands, nineteenth century England)?

### *Is Theonomy Biblicist?*

In fact the Theonomic approach may sometimes be mistakenly Biblicist. That is, the attempt to use Bible as a textbook which will have direct answers for every detailed technical issue such as how to run a criminal justice system or a market economy, or how to identify the ancient geology of the earth (Barker and Godfrey, p. 121) (this is not to deny that the Bible, on occasions, does speak directly to geology and economics and when it does so it is authoritative). For example, Theonomists appear to favour a return to gold standard based money whereby governments could only issue currency which has a set value in terms of gold. The point is less whether this policy prescription is right or wrong (though it is notable that the gold standard operating in England in the two centuries before 1930 had a good record in terms of limiting price increases) but the premise of their argument that such a policy is in fact endorsed in the Bible. Deuteronomy 25:15 commands just weights and measures and for some Theonomists this is enough to support the claim that God favours the gold backing of all modern currencies. There are certain nice ironies about this proposition. For example, William Jennings Bryan, who may well represent the closest a real fundamentalist ever came to becoming US president, made a central plank in his campaign in the 1890s a refusal to see mankind “crucified” on a “cross of gold”; he wanted to take America off a metallic standard because he thought this would improve wages and employment opportunities for the working class.<sup>24</sup> Perhaps the most notable exponent of gold in the UK at the moment is the strong Roman Catholic and former Times Newspaper Editor William Rees-Mogg.

Quite apart from all this, one might find it worrying that some Theonomists find this verse a firm enough base to recommend one type of modern monetary policy. A contrast could be drawn with the way they treat Leviticus 25:36-37. Whilst Deuteronomy 25:15 is given a very detailed contemporary application, the latter verses, with their apparently much clearer application (the ban on interest payments) are dismissed as inapplicable. Why is this? Although as Perks<sup>25</sup> argues there are good exegetical grounds for following Calvin in treating the key Biblical passages as not providing a blanket ban on interest, there has to be the suspicion that the Theonomists, who accuse their opponents of being held in the grip of socialist ideologies, themselves start with a mindset of *laissez faire* economics which then controls to some extent how they relate to the Bible. If Deuteronomy 25:15 is taken to justify the use of a gold standard it might be argued that it would be just as reasonable to view Romans 13:4 (“he [the civil authorities] is God’s servant to do you good”) as justification for at least part of the activities of the modern welfare state.<sup>26</sup>

*Are the Theonomists reluctant to accept that believers may have to suffer?*

Underlying some of the Theonomic approach may be a pretty thin view of suffering. In the Theonomic scheme of things the righteous will be healthy and wealthy but the wicked the reverse (this is how they read, for example, Psalm 37:25). Could it be that the Theonomists are making a similar mistake to that of an unbalanced charismaticism in assuming that believers are guaranteed a royal road to prosperity and healing? If anything the Theonomists may have taken the "Name it, claim it" philosophy of some charismatics and expanded it to the national level. In other words, Theonomy is all about healing on a macro as opposed to micro level. Obedience at the national level is expected to prompt such divine blessing that political and economic decline will be reversed (Rushdoony (Bahnsen, p. ix) is quite explicit about this; obedience to Theonomy brings the national blessings described in Deuteronomy 28 but disobedience will bring the curses described in the same chapter). The weakness in this line of argument is the same as that underlying the Health and Wealth Theology. God may indeed choose to bless the obedient with physical strength and material riches (there is Biblical precedent for this). Equally, and the Bible also provides instances of this, he may decide that the righteous remain less well off in human terms than their unrighteous counterparts. The same could also be true at the level of nations. Perhaps some Theonomists do tend to have postmillennial expectations of a future golden age following the implementation of their programme. The danger of this outlook is that they disparage the present church. In contrast the New Testament presents the paradox that although the church in the interim between Christ's first and second comings is suffering (1 Corinthians 4: 10-13, Philippians 3:10, it is also triumphant (Barker and Godfrey, p. 216).

## **5. Conclusions**

I have argued that Theonomy, like the curate's egg, is good in parts. Even if the flaws are substantial there is still the possibility that the Theonomy movement could bring net benefits to the rest of the church by forcing the wider evangelical and Reformed community to come to grips with what obedience to God's law means today.

At their most expansive the Theonomists have claimed to have found the solution to all problems of identifying a Biblically based personal and social ethic. They go so far as to argue any alternative to the application of the Old Testament laws in exhaustive detail is to exalt human autonomy and hence sinfulness. In other words, its either Theonomy or autonomy (Bahnsen, p. 307). There is no other choice. In practice, however, as I have argued here, the Theonomic claim of the "continuing validity of the Mosaic law in exhaustive detail", is not very helpful since Theonomists, or at least the wiser amongst them, do not really mean what those words seem to mean. Bahnsen, for example, conceded that on occasions the laws cannot be applied directly to the modern world. Thought is required to provide the necessary cultural contextualisation. Once Bahnsen has admitted this it must be wondered whether the gap in principle relative to the traditional Reformed approach to the Old Testament laws is all that large. After all, the Westminster Confession of Faith allowed for the application of Old Testament laws to the extent that their "general equity" demanded. The old Reformed tripartite division of the law between that which was moral, and therefore of eternal validity, and the ceremonial (abrogated because fulfilled in Christ), and the civil law applying specifically to Israel (though it may be possible to draw lessons for modern societies), may still be valid.<sup>27</sup>

The virtue of Theonomy has been to remind us of the wealth of detailed information provided in the Mosaic law. This is case law<sup>28</sup> whereas the Ten Commandments set out the general principles of God's moral law. In the case law we are confronted with God's priorities

-the God who hates, amongst other things, blasphemy, sexual perversion, commercial dishonesty - and this serves as a valuable antidote against being conditioned by the standards of secular humanism.

Theonomy also forces us all to think more about the role of the state as an enforcer of civil or social righteousness (this is to be distinguished from the personal righteousness which is a consequence of salvation and therefore not something the state can produce but God alone). The Theonomists accord a very heavy responsibility to government in enforcing an outward obedience to God's laws and rightly so. The sixteenth and seventeenth century Reformers and Puritans also gave a wide role to the state in upholding morality.<sup>29</sup> In contrast, twentieth century evangelicals have often been reluctant to ascribe such roles to government. This switch of position might be seen as the justifiable adaptation to changed circumstances (e.g. the development of democracy). It might also be defended in principle; the victory of the philosophy of a "free church in a free state" which was strongly represented within nineteenth century Dutch and American Calvinism whereby the state is seen as a neutral holding the ring for a plurality of Christian confessions and other faiths (for support for this view, see Barker and Godfrey, pp. 225-242).<sup>30</sup> However, it must be wondered whether the Theonomists might be right in arguing that even many evangelical Christians now lack either the moral courage or the intellectual means to argue for the more widespread application of God's standards to the wider society outside of the church.

What then, am I recommending? Should the Christian economist be a Theonomist or at least some form of Reconstructionist broadly defined? I suppose I tend to the latter option because, at the risk of being accused of trying to have one's cake and eat it, I am a bit of a "small-t-theonomist" or even a neo-reconstructionist.<sup>31</sup> In other words, it may be possible to realise some parts of the Reconstructionist-Theonomic agenda via persuasion and through the existing democratic means (such an approach becomes more viable if one tends to a postmillennial view whereby one would envisage an ever increasing proportion of the population becoming Christians).

The attempt to reconstruct or even to construct Christendom is not an unworthy one. The New as much as the Old Testament argues that the state and law do have divinely appointed roles. The government is indeed God's magistrate. There is room for some debate about how, in practice, that magistrate should uphold civic or external righteousness, but I have no doubt it should try and the fine detail of the Old Testament law will yield useful lessons and precedents in the pursuit of that goal. Perhaps the debate about Theonomy has been possible only because Western society has strayed so far from Christian standards in the period since 1800.

### ***Acknowledgments***

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### ***Notes***

<sup>1</sup> AA. Hodge (1890), *Evangelical Theology*, T. Nelson and Sons.

<sup>2</sup> R.J. Rushdoony (1973), *Institutes of Biblical Law*, Craig Press, Nutley (New Jersey).

<sup>3</sup> I recognise there is a very real danger of imposing on the various proponents of Theonomy a degree of unity which does not in fact exist. Even though the modern Reconstructionist movement is only about a one-quarter of a century old it has already displayed a tendency towards schism. A number of commentators have in fact suggested that it is best to use Christian Reconstructionism as a broad encompassing description for a movement containing a number of components. Some variation of the following five points has often been suggested: Calvinism, presuppositionalism (i.e. the apologetic method of Cornelius van Til), Theonomy, postmillennialism and dominionism (*Christianity and Society* (1997), "The international directory of Christian reconstruction"). The first and second of these characteristics are said to be explicit from the philosophical origins of the movement. The third is implicit in the theological and philosophical origins. There is some disagreement as to how far the last three features logically necessitate each other. For example, it should be possible to be a Theonomist whilst not being a postmillennialist. However, empirically, it does seem to be the case that most Theonomists are also postmillennialists (though the reverse is not necessarily true) and these two sets of beliefs are probably mutually supportive. There has been a growing emphasis within part of the Theonomy movement in the USA, and particularly by Gary North and his associates, on the institutional Church as the mediator of God's Word had hence as the mainspring of the drive to Reconstruction. For this task the Church is argued to be equipped with God-ordained sanctions (e.g. the ability to impose effective excommunication on impenitent sinners). Other Theonomists have repudiated North's "High Church" ecclesiology as giving too high a place to the institutional Church in God's purposes (A. Sandlin (1992), "Reservations on Tyler Reconstruction", *Calvinism Today*, no number, pp. 22-26).

<sup>4</sup> In Mark 7: 19 Christ set aside the dietary laws so Matthew 5: 17-18 cannot be a statement of the continuing validity of the law in exhaustive detail. However, for a spirited attempt to justify both Reconstruction in a broad sense and Theonomy more narrowly speaking from the New Testament, see S.J.Hayhow (1995), "The reconstructionist agenda and the New Testament", *Christianity and Society*, vol. IV, no. 3, pp. 16-21. In saying "fulfil" did Christ really mean to confirm the continued application of the Old Testament law in detail? The report of the Free Church of Scotland in 1997 on Theonomy doubts if this is the most likely interpretation of the textual evidence (available at <http://www.freechurch.org/slap.html>).

<sup>5</sup> A situation sometimes blamed on the absence of a "Christian mind" able to discern the distinctively Christian "third way" in each situation (H. Blamires (1978), *The Christian Mind*, Servant Books, Ann Arbor, p. 3; though see P. Miller (1992), *Into the Arena*, Kingsway, Eastbourne, p. 139-141, for a different view).

<sup>6</sup> Bahnsen's dismissal of the United Presbyterian Church of the USA Conference of 1967. In a similar vein; "The usual refrain, heard especially in Dooyeweerdian and Kuyper circles, that Christianity "is neither socialistic or capitalistic", is generally followed by a lengthy critique of the "evils of modern capitalism", and a series of proposed, although vague, interventions by the state into the affairs of the free market... Only if specific, concrete, revelational guidelines are proclaimed, does the 'neither capitalist or socialist' slogan make any sense." (G. North (1976) "An outline of Biblical economic thought", *An Introduction to Christian Economics*, Craig Press, Nutley New Jersey, pp. 211-224).

<sup>7</sup> Rodney Clapp, *Christianity Today*, (1987, February 20, p. 19). Hence the overlap between Theonomy, postmillennialism and dominionism noted under Note 3.

<sup>8</sup> Of particular strength has been the Amsterdam school of Dutch Calvinist thought, e.g. A. Kuyper's 1898 Stone Lectures, reprinted (1983), *Lectures on Calvinism*, Eerdmans, Grand Rapids.

<sup>9</sup> Miller, *op cit*, p. 7.

<sup>10</sup> See P. Johnson (1992), *Modern Times*, Phoenix, London; for guilt, p 41; on "political violence", pp. 687-689; and on moral relativism, pp. 5-11.

<sup>11</sup> Jubilee Policy Group (1994), "Planning for survival: A family policy for the twenty first century", *Insight*, no. 5, Jubilee Centre, Cambridge.

<sup>12</sup> J. Atherton (1993), *Christianity and the Market*, SPCK, London.

<sup>13</sup> See the arguments of two American evangelicals; R. Sider (1978), *Rich Christians in an Age of Hunger*, Hodder, London, and J. Wallis (1981), *The Call to Conversion*, Lion Publishing, Tring. Their claims are in some ways similar to those advanced by exponents of liberation theology; e.g. U. Duchrow (1987), *Global Economy: A Confessional Issue for the Churches*, World Council of Churches Publications.

<sup>14</sup> cf. J. Stott's argument that we can overcome the hermeneutical problem of our cultural imprisonment plus the cultural conditioning of the Biblical authors through cultural transposition ((1993), *The Contemporary Christian*, IVP, Leicester, pp. 186-206).

<sup>15</sup> (1981), *Productive Christians in an Age of Guilt Manipulators*, Institute of Christian Economics, Tyler (Texas) (a clear attempt to rebut Sider, *op cit*). See also G. North (1986), "Editor's Introduction", in G. Grant, *In the Shadow of Plenty*, Thomas Nelson/Dominion, Fort Worth/Nashville, p. xiii.

<sup>16</sup> See Christian Aid (1994, July), "Who Runs the World". For an evaluation of this point of view Atherton (1993), *Christianity and the Market*, SPCK, London, p. 16, and H. McRae (*The Independent*, 1994, July 21), "A bumpy road from Bretton Woods".

<sup>17</sup> For a Christian (though non-Theonomic) representative of the New Right see M. Novak (1988), *The Spirit of Democratic Capitalism*, IEA Health and Welfare Unit, London.

<sup>18</sup> Good summaries of the similarities and differences between Theonomy and neo-Austrianism are provided by W. Greene (1994), "Theocratic norms in the context of international political economy", *Paper presented to the Southern Political Science Association*, Atlanta, November 3-5 (also available at <http://www.flu.edu/~wgreen01/papers/theo-ipe.html>), and S.C. Perks (1996), "The reconstructionist view of economics", *Chalcedon Report*, February, pp. 22-40). G. North (1976), *An Introduction to Christian Economics*, Craig Press, Nutley NJ, is really a hymn of praise to the economics of van Mises alongside firm rebuttals of what he sees as hopelessly inflationary Keynesianism and flawed, positivist monetarism.

<sup>19</sup> The Theonomist North has felt the need to tackle the example posed by Joseph's Egyptian administration. Joseph, he argues, cannot be used as a Biblical justification for the activities of any modern central planner or bureaucrat because Joseph, uniquely, had the insight of a direct revelation from God. It is true that Joseph cannot provide an exact blueprint for modern governments but it is still significant that God would hardly have ordered Joseph to intervene in the economic management of society if this was *per se* sinful (Barker and Godfrey, p. 283).

<sup>20</sup> Rushdoony, for example, was prepared to criticise what he viewed as incorrect Biblical interpretation on the part of Calvin. On those occasions when Calvin was judged to have fallen under the influence of "classical humanism" Rushdoony accused him of producing "heretical nonsense" (Rushdoony, *op cit*, p. 9).

<sup>21</sup> Free Church of Scotland, *Monthly Record* (1992, December), “Theonomy again”, p. 273, where Knox and Calvin are quoted as apparently favouring the stoning of adulterers. As to the execution of rebellious youths, Luther is recorded as writing “would that we observed this law too”.

<sup>22</sup> M. Schluter and R. Clements (1986), *Reactivating the Extended Family*, Jubilee Centre, Cambridge.

<sup>23</sup> At first glance it may appear surprising that most Theonomists have followed Calvin in arguing that the ban on interest does *not* apply today (see G. North (1990), *Tools of Dominion: The Case Law of Exodus*, Institute of Christian Economics, Tyler Texas) whereas the non-Theonomic Jubilee Centre argues it does. S.C. Perks (1994), “A Christian view of interest”, *Christianity and Society*, vol. IV, no. 3, pp. 8-19, provides a good summary of the various positions. He argues that the best exegesis of Leviticus 25:35-37, Deuteronomy 23:20 and the Parable of the Talents is not a ban on interest *per se*. “The Jubilee Centre is generally much looser and more selective in its appeal to Old Testament law - though at the same time much more literalistic in places - than the exegetically based Theonomy or Reconstruction movement”.

<sup>24</sup> P. Johnson (1992), *op cit*, p. 208.

<sup>25</sup> S.C. Perks (1994), *op cit*.

<sup>26</sup> S.C. Perks (1988), “Economic apostasy”, *Judgment and Reconstruction*, no. 3, pp. 1-4, applies Isaiah 1:21-23, “Your silver has become dross”, to infer a case for monetary base control. The policy conclusion may have some worth but is the Biblical basis slender?

<sup>27</sup> Though as Schluter and Clements (1986) argue it may be a mistake to assume any given law can be allocated to just one category. Instead a single law could combine moral, ceremonial and civil aspects.

<sup>28</sup> See how Paul uses, and yet also extends, the case law of Deuteronomy 22:10 to support the principle provided in 2 Corinthians 6:14.

<sup>29</sup> Westminster Confession of Faith Chapter 23, Sections 2-3.

<sup>30</sup> An early and perceptive criticism of the idea of a neutral state was provided by T.R. Birks, the Professor of Moral Philosophy at Cambridge in 1872, who castigated, “The calm, placid, corpse-like unbelief of neutralised statesmen”.

<sup>31</sup> The term neo-reconstructionist may have been coined by Miller, *op cit*, pp. 68-70.

# THE ROLE OF BUSINESS ETHICS IN ECONOMIC PERFORMANCE: A CHRISTIAN CRITIQUE

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## *1. Introduction*

The purpose of this paper is to examine the biblical basis for some of the key ideas forthcoming from recent debates about how to improve the conduct of business in the UK. The paper is based on the conclusions of a our forthcoming edited volume entitled 'The Role of Business Ethics in Economic Performance' (Jones and Pollitt, 1998).<sup>1</sup>

The contributions within the book are organised in four groups: the theoretical and empirical aspects of business ethics in economic performance, the wider institutional aspects of business ethics and the supply and demand factors leading firms to be ethical. The first group looks at the historical role of ethics in the economics of Adam Smith (Eatwell), the economic analysis of ethical leadership (Casson) and the role of law in defining business ethics in the UK, Germany and Italy (Deakin and Wilkinson). The next group examines the role of government in defining and enforcing business ethics (Barry) and the place of voluntary industry associations such as the Cadbury Committee in setting company standards of conduct (Cadbury). Next Cohen and Sparkes outline the background to increasing consumer and investor pressure on companies to improve their business conduct. Finally Wright and Hood look at the way companies were changing their internal structure in order to become more responsive to the opportunities and demands facing them in order to take ethics seriously within their decision making procedures.

Our overall purpose in the book was to illuminate the ethical transmission mechanism from business ethics to economic performance within an organisational framework familiar to economists. Business ethics refers to the rules of conduct according to which business decisions are made. Economic performance is used in the conventional sense in terms of material well-being using such indicators as the gross domestic product (GNP) per head. The general approach was one of seeking to draw the enlightened self interest in being ethical within business relationships.

In spite of the breadth of the subject material and the different backgrounds of the authors there was a considerable degree of consensus about what sorts of things were important within the transmission mechanism. Six broad themes with suggestions for strengthening the effectiveness of the transmission mechanism have emerged. We organise this paper around each of these themes. For each theme we present a short summary of the arguments in the book and then provide a biblical exposition of the theme. This paper aims to highlight how such best practice liberal analysis reflects biblical themes and the extent to which biblical themes are at variance with such analysis. It is not clear what our prior expectation of such an exercise should be. Several of the contributions reviewed are from committed Christians, while all are interested in the ethical aspects of economic activity. Thus we would expect that the

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<sup>1</sup> The book contains contributions from John Eatwell, Mark Casson, Simon Deakin and Frank Wilkinson, Norman Barry, Sir Adrian Cadbury, Maurie Cohen, Russell Sparkes, Clive Wright and Neil Hood.

conclusions would to some extent be consistent with natural theology and revealed wisdom. However the authors are all leading thinkers in their fields and their views are fairly representative of state of art thinking in business ethics.

We introduce three caveats at the outset. First we recognise that in our presentation of other authors' views we simply present a summary of their views. Their detailed papers contain many subtleties, some of which address some of the general criticisms of secular thinking which we take them to represent. We trust that we are not maligning their views per se but are providing an analysis of some general positions on business ethics which large numbers of writers often adopt (including ourselves!). Secondly, we note the experimental nature of the exercise which this paper represents. In contrast to our previous work (Jones and Pollitt 1995, 1996), we start with secular thinking and work backwards to biblical principles rather than vice versa. We do this both as a useful learning exercise for us as authors in this field and for the reader wishing to interpret the current debates about business ethics in the light of biblical teaching. Third, we point out that the usual limitations of operating across disciplines apply to this paper. Thus we recognise our own prejudices and lack of skill in the area of biblical exegesis and beg indulgence. Having said all of the above we do hope the exercise is of value and we welcome comments. We detail some of our rather partial positions in the next paragraph.

Our approach is that of orthodox evangelical Anglicans. As such we take the biblical record at face value and accept that 'all scripture is God breathed' and is true in an orthodox evangelical sense. We refer directly back to scripture passing over 2000 years of Christian scholarship since the Bible. In approaching the problem in this way we are following in the tradition of Hay (1989) and Griffiths (1982). We largely accept the traditional distinction between revealed and natural theology (and are hence sympathetic to the general idea that much secular/liberal is valid in the absence of a divine reference point) but we do wish to consider ethical issues within a holistic approach which sees nothing as being capable of fully separated from the Christian view of God.

We approach the issue from the perspectives of an economist and a management scientist, not as theologians. We recognise that we are undertaking a rather different exercise to that of the authors and hence guilty of setting them up as 'straw men'. However we also recognise that the authors are not an unbiased sample of liberal opinions since most were personally known to one or other of us prior to the conference. We do not seek to present the last words on this issue, merely to investigate the points highlighted in our volume.

The rest of the paper is divided into seven sections. Sections 2 to 7 discuss each of the main themes in turn. Each of these sections is subdivided into a short presentation of the conclusions of our volume followed by a discussion of the biblical basis for it. Section 8 provides a summary analysis of the extent to which the themes identified by our authors are consistent with the biblical view.

## ***2. Long run social and economic forces***

Cohen highlights importance of recognising the long run context in which businesses are currently operating. He suggests that such a recognition is one way in which firms allow good business ethics to translate to good economic performance. Cohen argues that as advanced capitalist nations get richer individuals within them are expressing preferences for environmental quality which have forced firms and governments to act to reduce pollution and

have forced firms to develop new ‘environmentally friendly’ products. Both Sparkes and Wright note the significance of the recent rise in consumer concern for the environment and its rapid effect on company behaviour, especially with respect to company reporting and advertising, suggesting that it may provide a model for how companies will have to respond to future sustained pressure to change from their consumers and the wider public. Cohen further argues that companies and the wider economy will have to change markedly if movements towards voluntary simplicity (voluntary reductions in consumption) or towards greater concern for corporate social responsibility continue to grow. Cohen, Sparkes and Wright all suggest companies are unwilling to change spontaneously or through collective industry action new laws and regulations may force them to.

The Bible does not have much to say about taking actions now in the light of longer run consequences in general (‘future’ and ‘consequences’ do not appear in the NIV). However it does make a virtue of living in the light of the future hope of God’s salvation and the ultimate justification of the righteous who have waited patiently for God’s promises to be fulfilled. Hope should be part of the character of the Christian (Rom 5:4). Thus the righteous are encouraged to continue to hope in spite of the observation that the wicked may triumph in the short run. There is some suggestion that perseverance may yield material rewards in this life but hope is to be focused ‘in the Lord’ rather than ‘in’ anything else (Ps 119: 147). Thus living in the light of eternity will not always guarantee maximisation of long run temporal net present value.

Coupled with the Bible’s encouragement of the righteous the Bible condemns the wicked. The suggestion is that even though they might triumph in this life, their work will ultimately come to nothing after their death. In contrast to the righteous who can look forward to having their hope justified in the life to come the ‘hope’ of the wicked (for self-advancement and increased power) dies with them (Prov 11:7).

Hope of future justification yields a number of current benefits for the righteous. It comes with an admonition not to worry about the observed success of the wicked (Ps 37:7). An eternal perspective on short run failure reduces stress. Divine hope is a source of strength (Isa 40:31). Hope and waiting encourage the development of perseverance (1 Thess 1:3). Perseverance is the quality which ensures ultimate success given the right initial conditions and the reality of adversity.

The future hope of the Christian however should not be based on wealth but in God (1 Tim 6:17). Thus the perspective that the Christian should have is that material success is not an end in itself. Indeed integrity is needed to protect the hope in ultimate salvation, thus compromising one’s integrity for short run advantage threatens one’s future hope (Ps 25:21). That said the Bible still paints a picture which suggests that those who hope in the Lord will achieve material wealth as well in the sense that they will inherit the Kingdom of Heaven (Ps 37:9,34).

The conclusion of these biblical perspectives on the long run context would seem to be that hope in eternity should lead us to act ethically because this is the only sort of behaviour consistent with the hope of salvation. Thus for the Christian living in the light of eternity means that behaving ethically is a sign of the acceptance of the salvation that God offers rather than an exercise in maximising long run spiritual net present value.

### ***3. Education***

Education plays three key roles in the ethical transmission mechanism. First, it gives individuals the ability to make moral choices in their best interest. Enlightened self interest requires 'enlightenment'. Second, education gives others the ability to judge the ethical validity of the actions of particular individuals. This second argument is important for Casson in that it encourages reflection on the part of followers, and hence encourages them to obey their leaders and is important for Eatwell (following Adam Smith's concept of 'sympathy' (1759)) in that it gives allows informed public opinion to discipline self-interested individuals concerned about gaining approval for their behaviour. Finally, Deakin and Wilkinson and Wright emphasise the need to spread best practice in order to improve overall economic performance. While law is one way of doing this across the wider economy, company and industry codes are very important within organisations and industries. Collectively, the authors reflect the importance of education by presenting arguments for the efficacy of particular business ethics.

Each of the three themes outlined above are both implicit and explicit in all biblical teaching. The premise of the Bible is that God's word exist to inform us of God's teaching and commands. 'All Scripture is...useful for teaching, rebuking, correcting and training in righteousness...' (2 Tim 3:16). Christianity includes the call to worship God with all our heart, soul, strength and *mind* (Lk 10:27, emphasis added). Recognition of this as the purpose of Scripture suggests its role in sharpening our capacity for moral choices, ethical judgement and suggests the need for Christians to encourage the spread of such teaching about Scripture as widely as possible.

However the Bible's understanding of 'education' - the process and content of learning - is clearly not quite the same as the established liberal view of education. Indeed one might go so far as to caution modern society against the espousal of education of an idol to which unreasonable sacrifices must be made. Education is not a word which appears in the NIV: 'wisdom' and 'knowledge' are the key biblical terms. Wisdom is to be revered unequivocally, and is often associated with knowledge, however knowledge is not singled out for unequivocal endorsement.

Knowledge is the direct consequence of education, while wisdom is the outcome of several factors of which knowledge is only one (personal experience and God's spirit are also important). Thus the Bible encourages us to seek wisdom. But wisdom can only begin with the 'fear of the Lord' (Pr 9:10) - a recognition of our position in relation to that of God. Knowledge however is still compatible with evil (Heb 10:26). Knowledge can be misused. Thus the Bible indicates that it is possible to be foolish but knowledgeable (the teachers of the law are heavily criticised for failing to recognise him in spite of their study of the scriptures (Jn 5:39)) and also wise without education (Jesus drew criticism for being precisely in this situation (Mk 6:1-3)).

The Bible however does endorse many detailed points relating to the process of teaching. First it emphasises the teaching of children (Deut 6:7) and the importance of their receiving moral instruction. In fact it indicates that this is one of the responsibilities of parents and the primary purpose of marriage is the bringing up of Godly children (Micah 2:15). Second, it endorses lifetime learning. The encouragement to constantly meditate on the scriptures (day and night eg. Jos 1:8, Ps 119:97). Third, teaching is not easy, effort is required (2 Pe 1:5). Fourth, we should not neglect teaching the basics in favour of teaching 'every wind of teaching' (Eph 4:14 and Tit 1:11). Fifth, teaching must be complete, we must avoid the temptation to break off our training early (2 John 1: 9). Finally, much teaching is bad (Rev 2) and futile - 'but rules taught by men' (Matt 15:9 and Col 2:22).

The Bible has much to say not only about teaching but about teachers. Teaching is a spiritual gift. We are encouraged to value such gifts of which teaching ranks only below apostleship and prophecy. The idea that would we as a society would discourage gifted people from becoming teachers because it seen to undervalue such gifts is clearly inconsistent with the biblical record. However teachers are cautioned, as with all gifts comes responsibility, ‘not many are to presume to be teachers’ (Ja 3:1). Teachers must recognise that they are in positions of responsibility and influence. People will look at their lives and will act on their teachings. Thus they have the twin responsibilities of providing ‘good’ teaching and of not bringing ‘good’ teaching into disrepute because of the way they live their lives (Matt 7).

The key point of departure from traditional liberal views of education and that of biblical views of teaching is clearly that the content of education is the most important aspect of it. More ‘bad’ education may just leave us and our children as ‘foolish’ as before, indeed more so as we are more likely to be blown around by ‘every wind of teaching’ that comes through the secular media. A sound moral worldview is essential if an individual is to correctly interpret the signs of the times.

#### **4. Transparency**

Many of the authors suggest a key role for transparency or openness in promoting business ethics. Transparency opens decision making processes and the outcomes of decisions to wider scrutiny: the ethical transmission mechanism is likely to work better if it is visible to potential criticism. Eatwell argues for openness in order to allow the self-disciplining mechanism of ‘sympathy’ to work through public approval for individual actions. Casson argues that communication of credible messages is a crucial part of the process by which leaders influence their followers. Casson argues that credibility for leaders comes from the consistency of messages and actions. Thus effective leaders will be those who are seen to do what they say. This implies that the ability to monitor one’s leaders is therefore crucial. Cadbury and Wright both emphasise the need for transparency in their discussions of best practice management noting the widespread recognition of this in the Cadbury and Greenbury Reports and in company codes of ethics: openness encourages good behaviour, but also makes companies more responsive to consumer and regulatory pressure and hence more sensitive to ethical pressure. In the wider economy, Deakin and Wilkinson, controversially argue that one of the problems with market economies is their natural tendency to conceal valuable private information, this tends to inhibit system efficiency where cooperation between firms is important for economic success.

The theme of transparency in decision making is a very common one in much of the current debate of how to improve moral standards in public and business life. In an earlier paper (Jones and Pollitt, 1996), we suggested that ‘bringing actions into the light’ was an important biblical test of whether one’s behaviour could be ethically justified. Additionally the Bible seems to endorse the view expressed above that transparency and education go together. While the Bible has much to say about the revealing of secrets at the end of time and the need to be honest it is important to tease out some of the subtleties of the biblical position.

The emphasis in the Bible is on the importance of the judgement of God not of the judgement of men. It is God who will bring everything out into the light and who will judge all men’s actions. This is important because it immediately suggests that we are not the judges

either by right or by dint of ability of 'all' men's actions. There are some things which we have no right to judge or even to see.

Thus the Bible actually commends giving, praying and fasting in secret (Matt 6:4, 6:6, 6:8). Jesus is slow about revealing his identity in response to direct questions (eg. Mk 11: 28-33). And the Bible commends the keeping of confidences (Prov 11:13). It goes further suggesting that revelation of the truth can sometimes not be in our spiritual best interests: at the Transfiguration the disciples see Jesus as he really is and are unable to cope (Mk 9:6); while 'it is shameful even to mention what the disobedient do in secret' (Eph 5:12). A certain amount of keeping things quiet is therefore a good thing, as it was in the cases of Esther and her Jewish ancestry (Est 2:20) and Samson and the secret of his strength (Judg 16:6).

The danger therefore in greater calls for transparency (by some commentators) is that we force individuals and companies to reveal their good deeds when they should be kept secret and to parade their bad ones when they are best not talked about. What matters is not the fact of a secret but what the secret is.

A final caveat must also be sounded on the subject of transparency. 'Men loved darkness instead of light because their deeds were evil' (Jn 3:19): if this is so why are so many companies and individuals advocating greater openness? Is it actually an attempt to fool people or are their suggestions an attempt to preempt genuine regulation of their conduct? Or as is likely the case that the capacity of the public to judge and enforce right behaviour is limited by its own lack of understanding and information. Transparency does not guarantee the right moral judgement on the behaviour so revealed. That relies on the moral judgement of those who analyse the revelations.

### ***5. Leadership and Power***

Casson focuses his attention on the key role of leaders in the ethical transmission mechanism: leaders (in different forms - spiritual, corporate, political) - play an extremely important role in communicating and demonstrating ethical principles to followers. Casson argues that a decline of respect for leadership, reduction in its quality and plurality of moral leaders poses functional problems for western economies within which individuals have a lot of personal freedom. The other authors provide plenty of examples of leadership within the field of ethics in the sense that successful economic units are demonstrating how to behave to follower units: Cohen cites Holland, Japan and Norway as providing environmental leadership; Deakin and Wilkinson suggest that German contract law is superior to UK contract law and is providing leadership in the development of EC law; Sparkes and Cadbury argue for the importance of lead organisations such as the activist pension fund CalPERS and the industry organisations that sponsored the Cadbury Report; Wright suggests the crucial importance of leaders within the corporation if codes of ethics are to truly enter the bloodstream of the corporation; and Hood emphasises the role of TNCs as leaders in technology transfer and the spread of management best practice. The authors also point out examples of abuse of power by leaders and argue that much bad business ethics results from the misuse of economic power. For example, Deakin and Wilkinson discuss abuses of power in supplier relationships by some UK manufacturers, and how such abuse of power can be short-sighted and lead to long run underperformance, relative to Germany and Italy, by the UK industries they look at.

We discuss issues relating to the Deakin and Wilkinson view in a previous our paper on unfair competition (Jones and Pollitt, 1995): we highlight the need for restraint in the exercise

of economic power within trading relationships as supported by for example the biblical laws on the Jubilee, paying of fair wages etc (see Wright 1983, 1990). Leadership is another key biblical theme in the setting of ethical standards which we have discussed in previous work (Jones and Pollitt, 1996). Much of the Bible is the story of great leaders and how they served God in positions of spiritual and temporal power. Their qualities are to be studied and where good emulated and where bad avoided. The Bible also details abuses of power by bad leaders and how this can lead to negative short term and long term consequences.

The biblical perspective on leadership is that all power comes from God (1 Chron 29:12). Leadership is a gift and should be exercised as such. The greatest biblical leaders were conscious of their position of trust and of their responsibilities. Leaders are admonished to govern diligently (Rom 12:8). Leadership is hard work and should have the support (and prayers) of those who are governed. Good leadership causes rejoicing among the righteous (Prov 28:12). We are encouraged to remember our leaders and to consider their faith (Heb 13:7) and to obey them (Heb 13:17).

However leaders in the Bible are frequently bad. Indeed leaders can be wicked (Prov 28:28) and can lead the way in unfaithfulness (e.g. Ezra 9, Jer 2:8, Jer 25:34, Micah 3:1 and Hos 9:15). The interesting thing to note about the biblical view of leadership is that leaders are under the authority of God even if they do not worship him. God is able to achieve his purposes through them in spite of their lack of faith (e.g. Pilate).

Casson's view of leadership has close parallels with the biblical view. However the biblical position has much to say on the characteristics of good leaders (see Stott (1984) pp.327-339 for a discussion). We need to pray for good leaders and to pray that we will be quietly governed and to provide appropriate training for potential leaders (as Jesus did for his disciples and Paul did for Timothy).

## **6. The Role of Law**

Business ethics are underpinned by the formulation and enforcement of the law affecting business relationships. The chapters by Deakin and Wilkinson and Barry bring out the issues surrounding the role of this law. The major question which Barry and Deakin and Wilkinson raise is what should be the extent of this law? Barry points out there has been a tendency to 'criminalise' certain well established business practices in recent years of which insider trading is a notable example. By contrast, Deakin and Wilkinson argue that the working of the law of contract in the UK inhibits the emergence of a high trust contract culture. They argue that a change (extension) of this law (to incorporate the notion of 'good faith' in contracting) would have a powerful demonstration effect and would encourage the development of better supplier relations between firms. Barry raises the issue of competition law reform with respect to the burden of proof in proposed takeovers. He suggests that changing the burden of proof within this law may have a powerful effect on takeover activity but that such an effect may be undesirable. In addition, Cadbury, Wright and Hood all question the efficacy of further legal requirements on business. The points to arise are therefore three fold: a certain amount of law is necessary as part of business ethics; law can have a powerful demonstration and coordinating role in moving firms towards best practice; and extent of the law is a controversial political issue.

The Bible espouses the importance of law. Biblical teaching is summarised in the Old Testament in the Ten Commandments and in the New as two commandments 'Love God' and 'Love your Neighbour'. In addition we have 'perfect' law (Ja 1:25) and the 'royal' law (Ja

2:8). While all biblical teaching is clearly intended to be 'law' there are certain rules and regulations which require specific action or explicitly prevent other types of actions. Civil and spiritual law are not distinguished in the Old Testament where biblical teaching and the law are seen to be the same in a religious state. In secular state the two are separable and with this comes the Christian idea that truly ethical behaviour goes beyond the written secular law. 'Love is the fulfilment of the law' (Rom 13:10) cannot be written in statute. Jesus' commands in the Sermon on the Mount are clearly not enforceable in this life (on murder and adultery). However the law of God is clearly seen as all inclusive: Jesus came 'not to abolish but to fulfil the law' (Matt 5:17); and 'the entire law is summed up as love your neighbour as yourself' (Gal 5:14). The role of biblical law is to lead us to Christ (Gal 3:24). It cannot save us but it can let us know that we need salvation (Rom 2, 4, 7 and 8).

However the Bible ascribes many useful roles to the law. First, the law has an educational role. It 'makes the simple wise' (Ps 19:7). Second, it restrains evil (Prov 29:18). Third, neglect of the law leads to the depravation of rights (Prov 31:5). Good law deserves to be enforced. Where it is not people suffer. Finally law exists not for the righteous but for the unrighteous (1 Tim 1:9). Good people should have nothing to fear from the law, while it has value in restraining the activities of the evil.

However law has its limitations. It can be misused and implemented partially (Mal 2:9). Some laws can be over zealous (Luke 11:46) or actively bad (Luke 14:3). Law can be a substitute for the right attitude. Jesus' fascinating explanation for the Mosaic Law on Divorce indicates that law can embody unwelcome accommodations of worldly practices (Mark 10:5). Law can lead to unprofitable and useless controversies about its interpretation (Tit 3:9). The law is only good if one uses it properly (1 Tim 1:8). The Bible also notes that litigation is expensive and should be avoided where possible (Matt 5:25).

The Bible affirms the demonstration effect of law and the necessity of law itself. The Bible also indicates the role of detailed regulation on particular aspects of economic activity (such as the preparation of sacrifices, the prices to be paid for particular social sins). It is concerned with the impartial implementation of justice for all, including those who society might be tempted to neglect (widows, orphans and foreigners). It also requires certain standards of proof.

In sum the Bible takes a wide view of 'law' in the sense of what God requires of us, while secular law takes a narrow and restricted view. It condemns both those who break the written law but also those who are zealous in enforcing the written law while neglecting the more important matters of the law such as justice, mercy and faithfulness (Matt 23:23).

## ***7. Cultural Complexity***

Cohen, Barry, Hood and Wright draw attention to the fact that business ethics are some part a consequence of the culture of the society in which they arise. While there may be substantial amounts of agreement on ethical principles within companies, industries and nations. There are large cultural differences between nations, particularly between Anglo-American, Continental European, East Asian and Developing nations. Thus there are difficulties in translating ethics across nations. This implies that sensitivity to the cultural context in which business is being done is important in the ethical transmission mechanism. Cohen highlights differing approaches to environmental issues among advanced nations. Wright suggests that company codes will have to be adapted to cope with differing surrounding cultures. Hood notes

the particular problems of transnationals, trying to transmit core ethical values to foreign affiliates. Each of these contributions serves to highlight the limits of any analysis of business ethics which concentrates on just one culture. An analysis which focuses on Anglo-American economies and may perhaps not apply so forcefully in other cultures. Both Casson and Wright highlight the parallel problem of moral pluralism *within* Anglo-American economies: cooperative production requires shared values. Any attempt to spread a common set of best practice ethics will always involve a certain amount of culture shock (Casson) and perceived moral imperialism (Wright).

Christianity is a worldwide religion incorporating a set of universal principles and it has clearly taken root in many different cultures. The New Testament contains Jesus' Great Commission to take the Gospel to all nations. The implication of this is a clear break between the (apparently) Israel centred view of the Old Testament and the broader perspective of the New Testament. One indication of this is that the word 'alien' appears frequently as a word for foreigner (in the NIV) living in the geographic nation of Israel in the Old Testament but is not present in the New Testament, where there are no aliens!

The New Testament accepts as parametric the existence of different nations, most spectacularly on the day of Pentecost (Acts 2) and in the Book of Revelation. Indeed on the day of Pentecost the different nations are present in Jerusalem indicating that the New Testament is comfortable with the idea of cultural diversity within an individual political entity. Indeed this phenomenon characterised many of the large cities of the Roman Empire which provided the springboard for the spread of the Gospel within the early church.

However it would be wrong to paint the Old Testament as having no sensitivity to cultural complexity in the light of Israel's many wars with foreign nations. The law of Deuteronomy explicitly recognises the existence of foreigners within geographical nations. Such foreigners have rights but also responsibilities. These include the duty to respect the social laws, if not to participate in the religious practices (Numbers 15, Deuteronomy 15:3 and 23:20).

However the crucial passage on cultural sensitivity is Acts 15 in which the church in Jerusalem accepts the reality of Gentile conversion and does not impose Jewish religious observances beyond a basic minimum. This decision is the basis for the cultural adaptability of the Gospel. The universal law of the Ten Commandments which Jesus came to fulfil and which he summarised still apply however. The Bible shows respect for customs where these do not compromise the Gospel (e.g. by involving the worship for other Gods) e.g. Acts 25:16.

Thus the task of Christians who wish to enunciate business ethics consistent with biblical teaching is to understand local cultures and to avoid compromising on fundamental Christian principles while still respecting the glory of the nations (the good in all nations, cf. Rev 21:26). However as many individuals have had to recognise when Gospel values do come they will lead to change. It is unlikely that cultures little touched by Christianity will have developed a business ethics consistent with the Gospel. The danger is that companies with well developed business ethics in their home markets will compromise what should be universal values when they work across different cultures.

## **8. Conclusions**

In this short conclusion we attempt to summarise our discussions of our six themes under three different headings. The first is 'affirm', under this heading we note what it is in the liberal view of business ethics that we can agree with from a biblical perspective. The second is 'extend', by which we mean how the biblical perspective urges us to go beyond the secular/liberal view. The final heading is 'deny', in which we suggest what it is that is wrong with the liberal position from a scriptural viewpoint. We have not sought to illustrate our arguments with empirical examples on this occasion, wishing to focus on a more theoretical exegesis. The 'extend' heading suggests how we would wish to extend the secular argument while still communicating with it but the 'deny' heading brings us to an explicitly Christian position.

**Table 1: Biblical Analysis of Main Themes**

<b>Theme</b>	<b>Affirm</b>	<b>Extend</b>	<b>Deny</b>
<b>Long term forces</b>	What is important in the long run may be different to what is important today.	Non-material returns in this life and the next need to be considered in a cost-benefit analysis of today's actions.	Suggestion that valuable return to long term honesty and integrity is guaranteed in this life.
<b>Education</b>	Importance of moral education especially for children.	Importance of the actual content of moral teaching needs to be considered.	Suggestion that more knowledge and teaching is morally good in itself.
<b>Transparency</b>	Importance of the test of 'bringing into the light'.	Focus should be on the content of the information so revealed rather than the fact of it being hidden.	Unthinking extension of disclosure requirements.
<b>Leadership</b>	Importance of moral leadership.	Leaders need to set an example in the way they lead their lives.	The source of ultimate authority is anyone other than God.
<b>Law</b>	Importance of legal sanctions in disciplining wrong doers and in guiding the law-abiding.	Need to be concerned with the partiality of legal process and dangers of over-regulation.	Business ethics ends with the observance of the law of the land.
<b>Cultural Complexity</b>	Need to be sensitive to local customs.	Absolute scales of morality exist thus while there is good in all cultures but there is also scope for improvement.	Suggestion that all local customs must be accepted as parametric when doing business.

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