



Witnesses of These Things: Ecumenical Engagement in a New Era

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Studies 2010: Christian Understanding of the Economy in an Age of Growing Scarcity

**“...it is a question of fair balance between your present abundance and their need,
so that their abundance may be for your need...”**

2 Cor 8:13-14¹

The Ends of Wealth and the Divine Economy

The economic crisis currently unfolding is a calamity for many and a many-sided dilemma for the Christian community. It has thrown millions of people into homelessness and unemployment, blighted the hopes of uncountable millions more, and worsened already severe disparities in wealth and income. For the church, it is always perilous to address issues of ethical responsibility that have complex structural and political dimensions. Economic globalization has dramatically heightened the complexity and the peril. But people suffer from policies enacted in the economic and political realms. Therefore the church has an ethical responsibility to address the economic crisis, the policies at issue, and the ethical implications of Christian faith for creating a just, democratic and sustainable economic order. It is also an ecumenical responsibility to draw upon Christian tradition, both to maintain the distinctive values of the church and to encourage life-giving alternatives to an otherwise grim economic and environmental future.

We will never create a fully just social order, yet we have a calling from God to seek whatever approximation of one that may be possible. All creation shares in an interdependent destiny, and all human communities must work to devise a sustainable future. The vision of the new and redeemed creation that ends the New Testament is of a city in harmony with nature, where—even after great suffering—“the leaves of the trees are for the healing of the nations” (Rev 22:2).

This document stands in a century-long tradition of ecumenical social witness that has advocated a cooperative, stewardship society. It reflects the economic ethos of the Social Creeds

issued by the Federal Council of Churches in 1908 and 1932 and the Social Creed for the Twenty-First Century issued by the National Council of Churches of Christ for 2008.² The longstanding ecumenical vision of a more cooperative commonwealth is defined not simply by the problems of any particular time, but by the unconditional giving of God that seeks our benefit and overcomes all loss. This paper summarizes the theological base of the churches for economic concern, reviews the economic crisis that culminated in 2008, and then turns to solutions based on Christian principles.

Christian understanding of and response to economic crisis must be grounded in the theological language and principles handed down to us from the Bible and church tradition. Before the human creation of property there is God's creation of the earth, the garden of abundance that includes seductive choices between evils and goods. The first human calling is to steward the earth. In the biblical story, the first disobedience leads to exile and suffering, though Genesis in fact presents a several 'fall' stories, including the envy-killing of Abel, the proud idolatry of Babel, and other transgressions of human and divine boundaries. A great flood is presented as a sweeping but not total judgment in which Noah's ark is a kind of last ditch effort of stewardship for all species. God promises not to unleash the waters again based on a covenant that includes the earth as well as human beings. The covenant is an unconditional giving and forgiving that reflects God's infinite love.

The economic ethos inherited by Christians in the ecumenical movement was forged, originally, in an agrarian subsistence economy, sometimes an economy dominated by foreign military powers, or one that reflected emerging hierarchal power relations depicted in the Hebrew Bible. Slavery, a fundamental pattern in the ancient world, was to become foreign to Israel itself, a people delivered from slavery by divine deliverance. The commandments of the Jewish Law and the broader covenant with God describe a social order of mutual support that included a fiftieth year 'jubilee,' when debts were to be forgiven and property restored to landless families. The poor, the widow and the orphan all have God's eye from the beginning. The prophets who do the 'moral math' of society are pictured as preceding the rise of the kings and aristocracies.

Jesus alludes to debt forgiveness in the Lord's Prayer, and in parables drawn from across the economic spectrum he repeatedly challenges the impulse to hoard and cheat. As a prophet he shows that Amos' plumb-line still works: the kingdom or reign of God is a commonwealth of generosity, healing and transformation. Jesus enacts the abundant creation of God, even the provision of manna in the wilderness, in his feeding miracles, his practice of open table fellowship, and his sharing of bread at the core of *eucharist*. He overcame every dimension of poverty in these practices and example. The repentance of rich Zacchaeus (Lk 19) shows a man repenting by giving back all he had gained through sharp practice and official extortion. "For where your treasure is, your heart will be also," says Jesus (Lk12:34). His provocative act of 'cleansing' the Temple of money-changers points to (among other things) the mistake of attempting to buy 'the sacred' or divine favor (Mt 21:12-13).

The early church in Acts carries forward Jesus' ethos of sharing in the pooling of resources: "All who believed were together and had all things in common; and they would sell their possessions and goods and distribute the proceeds to all, as any had need" (Acts 2:44-45). Caring for widows, an early form of social ministry, begins when Stephen and six others are

appointed deacons to provide food. Paul eloquently appeals to the young churches of Greece to share their surplus funds with the poor in the Jerusalem church: “I do not mean that others should be eased and you burdened, but that as a matter of equality your abundance at the present time should supply their want, so that their abundance may supply your want...” (2 Cor 8:14, RSV; the origin of so many mutual aid societies). Paul invokes the generosity of God in urging the believers to give or ‘sow bountifully’ (2 Cor 9:6); “He [the Lord] has distributed freely, he has given to the poor; his righteousness endures forever...” (Ps 112:9, RSV).

To summarize the biblical witness, God’s creative work shares the goods of life universally—“The earth is the Lord’s and the fullness thereof” (Ps 24:1, RSV)—an unconditional provision of good. God responds to our waywardness and sin by guidance and warning; human exchange is to be tempered by warnings against excessive debt and exploitation of the poor; humans themselves are not things to be exchanged. Finally, for Christians the goal of universal distribution and benefit is embodied in the Incarnation; God shares God’s own life with us, restoring the goodness to our lives. We are told to bear each other’s burdens and so to fulfill this law of Christ. In practical terms, this understanding of God as the origin of our goods and our capacities makes the right to private property conditional and more connected the social order. Conversely, recent studies confirm that richer citizens contribute less to charity—feel less empathy to those less fortunate—and oppose progressive taxation.

After the first century, the roles of ‘forgoer’ and ‘steward’ begin to separate and, among the range of vocations, the forgoer role became associated with hermits and those called to primarily a ‘religious’ life. The self-supporting ‘tentmaker’ model of Paul is followed by some groups, but specialization comes early in the church’s own life along with various forms of enculturation. The medieval monasteries preserve cultural riches and create new forms of wealth. They become part of the mission strategy of the church and also reveal how intentions and purposes change over time. The Reformation challenges practices that would implicitly monetize divine grace in relation to the afterlife while also representing a rising middle class rejecting a division of function (and class) within the church. In Max Weber’s words, what was unleashed was a “this-worldly asceticism” that deferred gratification, accumulated capital, and initiated greater individualism.³ The churches assumed some social responsibilities in society but, along with secular society, they also appealed to kings and magistrates for social protection and provision of aid.

The modern tradition of ecumenical social witness arose with the social gospel movement, where society itself became a subject of redemption. In the social gospel, the churches claimed that Christianity has a mission to transform the structures of society in the direction of social justice. If there was such a thing as social structure, as the emerging social sciences claimed, salvation had to be reconceived; salvation had to be personal *and* social to be saving. The social gospel movement, though a product of many social forces that impacted each other, was above all a response to the first historic wave of what we now call ‘economic globalization.’ In the 1880s it was the rise of corporate capitalism in rivalry with a powerful trade union movement. Trade union leaders accused the churches of not caring about poor and working class people. The leaders of the social gospel movement, responding to that accusation, inspired the Third Great Awakening in United States history, the awakening of social concern in the churches.

The conviction that Christianity has a mission to pursue social justice fueled the Social Creed of 1908, which advocated “equal rights and complete justice” for all, the abolition of child labor, a “living wage as a minimum in every industry,” social security, an equitable distribution of income and wealth, the abatement of poverty, and eight other planks focused mostly on economic justice. The leaders of the newly founded Federal Council, representing thirty-two denominations, reasoned that the churches should be able to agree about social justice and do something for it. Thus the first thing they did as an ecumenical body was to issue the Social Creed.

A century later we have a new Social Creed for the Twenty-First Century, developed by the National Council of Churches (see Appendix B). It calls for “full civil, political and economic rights for women and men of all races.” It demands the “abolition of forced labor, human trafficking, and the exploitation of children.” It supports “employment for all, at a family-sustaining living wage, with equal pay for comparable work,” and with workers sharing in productivity gains. It stands up for the right of workers to organize, opposes the death penalty, calls for the abatement of hunger and poverty, and endorses universal healthcare, social security, and progressive tax policies. It commends immigration policies that protect family unity and foster international cooperation. It stresses the necessity of adopting simpler lifestyles; living within our means; protecting the earth’s environment; and investing in renewable energy. It supports equitable global trade that protects local economies, and advocates a foreign policy based on international law and multilateral diplomacy. It calls for nuclear disarmament, reductions in military spending, and the abolition of torture. And it calls for cooperation and dialogue among world religions.

The new social creed recognizes that economic justice cannot be cordoned off from struggles for peace, other forms of justice, and ecological sustainability. It was issued before the economic meltdown of 2008, but it focuses on the very problems of excess, greed, and inequality that caused the crash and which now bedevil any hope of an economic recovery.⁴

Created Goods and Christian Values: An Ecumenical Inventory of Principles and Practices

The ecumenical movement has both drawn and generated moral energy from Christians who remember that God judges human communities by how they treat their weakest members. These are the poor, especially children condemned by circumstance to stunted lives, unable to develop fully into the image of God. Unable to develop, they are also unable to fulfill their callings to serve with gladness in the cycle of caring and being cared for, of work and play, of family life and worship, of responsibility and Sabbath.

The concept of vocation does not apply only to individuals but to families, communities, churches, nations, and ultimately to the human species, to whom the planet has been entrusted. Creation is a commonwealth and in Jesus’ teaching we would lift up the ‘kingdom of God’ as the commonwealth where love and justice reign. In Jesus it comes with God’s healing and resurrecting power; for us, too, the presence of that commonwealth awakens us to repent, believe, and act in faith and joy, no matter what the obstacles. Christian economics, or Christian political economy, can never be only a ‘dismal science,’ even as climate change brings

Malthusian realities more to the fore. The sense of God's direct concern and steady arc of justice gives a sense of urgency that transforms our anxiety; the clear call of conscience keeps us from being stopped by the magnitude of (preventable) suffering.

Ecumenical statements almost always concentrate on systemic poverty, poverty that is the direct result of the failure, intentional or not, of governments and economic powers to satisfy the legitimate rights of all people to sustenance. While times and places of scarcity have always existed, the ecumenical churches have focused on preventable and even artificial scarcity, to which the proper response is not only charity but advocacy. The WCC's Global Consultation on Justice, Peace, and the Integrity of Creation (Seoul, 1990), aptly observed: "Their poverty is not accidental. It is very often the result of deliberate policies which result in the constantly increasing accumulation of wealth and power in the hands of the few. [Thus] the existence of poverty is a scandal and a crime."⁵

Poverty, as the opposite of God's abundance, is not only economic deprivation but includes a wide range of concerns related to 'human rights,' a concept the ecumenical movement helped define in the 1940s. Marginalized people may lack not only employment but health care, education and adequate housing. Lack of access to political power is part of this picture. Thus, ecumenical thinking has also spoken of a 'Just, Participatory, and Sustainable Society,' building on the earlier 'Responsible Society' concept.⁶ Similarly, the first section of the Social Creed for the Twenty-First Century, links human rights, religious and civil liberties, and a "family-sustaining living wage."

Since the 1970s, the churches have spoken increasingly of 'the poor' as persons with the capacity to act for their own liberation and dignity. 'Poverty rates' and other abstractions are still important to calculate, but we are clearly talking about human beings. The elimination of poverty has also become a more central theological issue and not only one for the Life and Work stream of the ecumenical movement. The World Conference on Mission and Evangelism (Melbourne, 1980)⁷ marked this shift in thinking within a church that in global terms is a church of the poor. Thus in mission and witness we help carry the good news to the poor, but, beyond charity and advocacy, we also act in solidarity.

Related to this move in missional thinking, economics has been acknowledged as a church-dividing issue. While documents such as the NCC Faith & Order paper, "Love for the Poor," affirm that Christian love crosses economic boundaries, documents such as the Accra Declaration from the World Communion of Reformed Churches emphasize the challenges that great inequality and exploitation make for Christian unity.⁸

Protestant and Roman Catholic documents call for increased redistribution by central governments in light of what the Latin Americans called, 'the preferential option for the poor.'⁹ The WCC has clarified that this is not to "discriminat(e) against all other human beings," but to point to the preferential option for the rich that underlies much "trickle down" thinking.¹⁰ This is a reminder that the God of the Magnificat is never neutral, though always gracious.

Globalization as expressed in 'neo-liberal' or excessively market terms has been compared to the domination of empires. 'Empire' in this sense can be seen as a form of sociocultural and economic domination that falsely harmonizes the interests of First World or 'Northern' corporations and increasingly desperate pools of labor, some of whom migrate or export themselves to cities as their self-sufficiency and local economies are crushed by debt.

Churches have been among the leading groups advocating for debt relief and fair trade and changes in World Bank policy, which typically has favored privatization over public services (and ironically sacrifices social capital to large-scale infrastructure, reproducing dependency patterns).

Ecological and energy concerns have been strong in the World Council of Churches and National Council of Churches since the 1970s. These bodies and many individual churches have called for major lifestyle changes in the direction of sustainability and older traditional virtues such as frugality. The churches have never forgotten the dangers of materialism and greed, and have sought, in numerous ways, to unmask consumerism and the addictions which result from overconsumption.

An Ecumenical Vision for Today

Within this large ecumenical framework that recognizes the judgment of poverty, both domestic and international, on the common vocation of societies to care for all their members, we turn to the gifts of ethics and ethos that Christian faith and practice offer. In each case there are many economic arguments possible but the emphasis is on what justice requires, the highway that lifts up those who are in valleys and lowers those who lord it over others (without the Lord's motivation or methods). Thus what we call a "high view" is our attempt to see realities in God's light, not to promote that 'pride that goeth before a fall,' but to prevent the idolatry of force or wealth, celebrity or arbitrary good fortune.

This statement calls for a re-ordering of the ends of wealth in light of the divine economy, featuring high views of personal responsibility, the role of government, labor, the family and other communities, creativity and productivity, economic exchange and taxation, and future generations, all in the spirit of a biblically-centered realistic utopianism.

A High View of Personal Responsibility: The fair sharing of benefits and burdens is the only way to preserve a reasonably democratic society. This is partly to idealize the 'middle class,' and it is in most churches' interest to do so: in class societies the church is marginalized to chaplaincy to the rich, few of whom are generous or disinterested. The Christian conviction of the worth of every individual does not mean individualism but rather social protection for all to develop as God calls and empowers. People give to churches when they feel the Spirit present, the love of members for each other, and the call to mission for those who suffer without hope. Some Christians live the abundant life, reflecting the overflowing of divine good in their own generosity. Yet the churches are under no illusion that they can replace the social welfare system for the whole country, or that most of us enjoy paying taxes or full prices of any kind if we can help it. There are obviously many differences between voluntary giving and universal taxation, but the basic understanding that all must contribute fairly holds for both churches and societies. Personal responsibility is thus not simply for the poor to 'shape up.' It is also for the rich to turn from personal grandiosity toward social responsibility—to live as part of an enduring human commonwealth. Responsible citizenship does not offer support for local, state or federal government policies that would be irresponsible to or cruel for individuals.

A High View of the Role of Government: Government is called to be the agent of the common good for all citizens, seeking to fulfill the highest hopes of the widest community, doing what no limited or private interest can. Reinhold Niebuhr said that “[human] capacity for justice makes democracy possible, but [human] capacity for injustice makes democracy necessary.”¹¹ Government that serves the people with accountability and fairness and ensures the right of participation in decisions relating to the common welfare and the common defense deserves the respect and support of all citizens. Though never perfect, democratic government rests on responsible citizenship: to claim that government is broken is to say that private interests have been given too great a role, creating disorder rather than order, favoring the needs of some over others. Just as government may authorize all wise and reasonable measures for the common defense, government must also exercise fully its creative and regulatory powers in economic and environmental crisis, including the capacity of government to be a mass employer when necessary, to be a transparent and creative investor, to regulate all businesses and the economy itself with all of the tools of fiscal and monetary policy, and to hold its servants to the highest standards of ethics and accountability.

A High View of Labor: Every human being has a calling by which that person’s unique gifts and the needs of the whole are both met. For perhaps most people throughout history, such a sense of calling has not been fulfilled. Labor as a commodity is generally not an expression of personhood, and, for millions, work of any kind is a matter of survival. Yet the vision of labor that is both necessary yet fulfilling, personally rewarding and a contribution to current and future well-being, cannot be forsaken without excusing mass exploitation. Human beings are not commodities: the worth of the person is larger than their value in any marketplace, and the interconnected nature of labor makes the calculation of individual productivity in any large enterprise a complex social decision as well as an economic one. Productivity and profitability are affected by interest and exchange rates, changes in taste, trade and technology, and continued failures by governments to moderate the cycles of boom and bust. In such a dynamic context, the need for workers to be able to organize for fairer wages remains crucial, and the tilt of the system toward the interests of investors, corporations and banks must be compensated for by fair legislation, taxation, and limits on profiteering and usury. Grotesquely high salaries for those in monopolistic situations and corporate hierarchies are in fact signs of a low view of labor and the fatalistic sacrifice of the unemployed, underemployed and permanently discouraged workers. Vocation reminds us of God’s creation and purpose for all, encouraging a good society to provide full employment and family-sustaining living wages as signs of universal human value.

A High View of the Family and Other Communities: Virtues and character are nurtured in families, but families do not live in vacuums: it takes villages, towns, neighborhoods, networks and yes, communities of faith to nurture values and identity. The theme of community begins with protection and nurture of families, a recognition of mutuality between parents and the need for stability and trust for children. Without claiming that there are essential ‘orders of creation,’ community at each level of complexity calls for protection for families, for towns and cities, and for regions and peoples. Economic practices and policies that put unfair burdens on families, that encourage divorce through high unemployment or exploitative or compulsive work

intensity, are to be phased out—as is done with wisdom and efficiency in Northern Europe and certain Asian countries. Where families are hostage to harsh economic realities in developed nations, birthrates decline in the absence of wise public policy. In far too many desperate subsistence economies children remain an uncertain crop for which the survival or success of a few is at the expense of the many who do not thrive. Thus, to be in favor of strong families, to affirm—along with the Universal Declaration of Human Rights—the right to create a family, means we can not simply affirm an unqualified right to have children. Rather, healthy families and children are a sign of societies that provide for the capacity to care. Particularly as population concerns challenge us in the near future, we must hold fast to the image of the human family—the vision of humanity as one great family.

A High View of Creativity and Productivity: The creation of value, efficiency and effectiveness are virtues and necessities for all communities. Some have particular gifts of entrepreneurship and individual initiative, a vocation of innovation, a drive for research, experimentation, and the application of new technologies to new challenges. We see God’s own joy in discovery of newness and inspiration of invention. Risk-taking can be a social good deserving of higher reward, provided that those who initiate and participate in new ventures are themselves fully exposed to the consequences of failure. New forms of productivity must exercise the creativity and initiative to include all environmental and social impacts into their product costs or be fully taxed by the society required to absorb the costs required to sustain a just society and environment. Unlimited growth and consumption by some are not adequate social goals. The exploitation of labor and of nature are not worthy measures of productivity; the design of elaborate schemes for speculation and tax-avoidance deserve close legal supervision and enforcement. Money itself is not the only form of recognition and incentive in any case: distinctive social and corporate cultures, visionary leadership, fair government regulation and patent protection, and solid public infrastructure all contribute to high economic performance.

A High View of Economic Exchange and Taxation: The market has a place in the distribution of goods and information about goods, and in the exercise of one dimension of human freedom, but a total arbiter of value and liberty it is not. A high view of economic exchange affirms the realities of comparative advantage without the illusions of perfect market theory or other claims of automatic infallibility. The constant dangers of increasing inequality and short-sightedness need recognition, and the extension of the market to other dimensions of human life tends toward reductionism, dehumanization and materialism. While command economies led to great distortions and disincentives, the benefits of mixed economies have only been vindicated in the rising standards of living of countries that balance ‘creative destruction’ of the market within a broader context of shared benefits and burdens. Taxation is thus the market’s necessary counterweight, keeping in view community needs and environmental costs. It is the “cost of civilization”; without adequate taxation societies become dysfunctional and debt-ridden.¹² In that sense, representation or self-government without taxation is a delusion. Proclaiming ‘freedom’ through markets without ensuring adequate employment, education and other social goods is either idolatry or an ideological cover for abandonment of the poor and irresponsibility by the powerful. Thus the stronger the markets, the stronger the framework of

accountable regulation and fair taxation should be to prevent the paradox of private luxury and public squalor, particularly when education and other public goods are the primary vehicles for social improvement and the relative position of the United States is deteriorating overall.

A High View of Future Generations: In this light, the most vital stakeholders are those with no votes or purchasing power in the current economy: future generations. In theological terms, the communion of the saints includes not only those who have gone before us in death, but those who come after us in God's providence. As a stewardship rather than ownership society, the church itself looks always forward for the consummation of God's promises. A high view of future generations must look carefully at the indebtedness we are passing on to our children and grandchildren and how that will impact the society in which they live. Additionally, ignoring the very real science and experience of climate change is not an option. Yet the struggle for global survival has been obscured by the constant drumbeat of war. Investing in the future means economic conversion, the fundamental transformation of the 'permanent war economy' into an earth-honoring engine of 'green jobs' and sustainable development. In lifting up concern for future generations, we are of course lifting up a concern for a whole planet for all the species – which leads to our largest hopes.

A Realistic Utopianism: In the past, scarcity and abundance have prompted different virtues, but in the current planetary environmental crisis, sharing and other non-competitive priorities benefit us all. The costs of devastated ecologies and economies will come home to the more secure economies in the forms of immigration and violence, the force of global resentment, and their desperation will lead to the deepening of moral degradation in our communities unless we act with unprecedented maturity. Certainly the forces of nativism, regression, and fearful insecurity will seek to recreate the simpler—and incomplete—solutions of the past. Yet the lessons of 'blowback' in international affairs and declining standards of living in unequal societies like ours in the United States suggest a moral struggle of the highest stakes. Shared economic sacrifice will never be popular, but brave leaders must lift up a way to get beyond the already ongoing resource wars and appeal to society's highest capacities. Violence in general has become a measure of dysfunction, cupidity, and short-term thinking. In the past, utopians have been said to underestimate the undertow of evil—both in the form of self-destructiveness and of malice—that runs through human life and corrupts all exercise of power. Strengthening global democratic government is often seen as the least possible of tasks by traditional realists, but it has to be acknowledged that it is the most necessary task in addressing the crises we face today.. Realism is now the servant of a utopianism that must puncture massive denial about the consequences of everyone's self-seeking. This is the challenge of a new great awakening...

Faithful Economic and Political Choices Today

The challenge for any religiously inspired criticism of economic practice is to be clear first about the empathy for the suffering that motivates the analysis and call for action, and second, not to take refuge in general hopes and unimpeachable values. The Letter of James, for

example, cuts through self-deceiving piety with a call that the poor not be insulted or dishonored.

The stimulus package of 2008 helped prevent an actual depression, but it was still too limited to reverse the effects of debt implosion and hoarding by banks and corporations eager to shed employees. This is not to glorify an administration that may be both caught and overcautious, nor is it to demonize powerful economic actors operating effectively if for limited benefit to the larger society. However, from a faith standpoint we see that as the balance of hope declines the belief in government's capacity to improve the situation also declines, and the perils of paranoid politics increase. Those with economic power are able to exercise increasing political influence through corrupting campaign contributions, while media tends to amplify anxieties and polarizing ideologies without providing coherent understanding.

The chief short term economic problem in the United States today is unemployment. The chief long term problem is inequality. Solving the first problem would be a major down-payment on the second.¹³ The issues of economic management in the United States are significantly clouded by ideology and, ironically, sometimes the avoidance of ideology—a pragmatism that does not confront and name obstacles of belief. As churches, our faith in the full measure of God's redemptive purposes calls us to be skeptical of half measures that will not and cannot lead to a fairer society.

In 1978, the richest one percent of American families took in nine percent of the nation's total income. Today the richest one percent take in 24 percent of the nation's total income and control nearly half of its wealth. Over this same period, "the average inflation-adjusted hourly wage declined by more than 7 percent."¹⁴ That is the kind of country we have created in the past generation—one that cannot grow its way out of an economic recession because the very structure of the economy is so badly skewed.

Today, parts of the United States are simply underdeveloped. Our living standards are in decline. Our educational and health systems are costly, inefficient and second rate for the majority of our people. It has been more than two decades since the United States ceased to be 'number one' in most indexes of social welfare; our chief distinctives now are the size of our military, the height of 'permanent war economy' expenditure, and the low level of public taxation compared to other developed economies.

It is the refusal to pay honestly for the costs of government and the constant shifting of tax burdens to poorer and future citizens that amounts to collective denial. The scale of our public and private debt edifices relate both to our under-taxation of our society's 'winners,' and the structuring of trade relationships to favor finance and an over-valued dollar over manufacturing, technology and full employment.

When Paul appeals to the early Christian communities for contributions from their abundance for the needs of widows in Jerusalem, he repeats the moral value of 'equality,' or fair balance, and looks to a future when those donors themselves might need help. Community and equality are interdependent notions as members of any community are interdependent. Community implies enough stability for the building of relationships and the nurturing of families. Reasonable equality based in the affirmation of the worth of each individual is the best protector of both rights and opportunities for fulfillment. It is economic inequality, entrenched by political influence, that magnifies the freedom of a few and reduces the many to unfree desperation. This is where the pursuit of happiness becomes a grim treadmill of low wages,

reduced benefits, poor education, crumbling infrastructure, inefficient transportation and crime-ridden neighborhoods.

That downward spiral is already where too many Americans live. To *begin* to restore any part of this picture requires fair taxation and a positive understanding of government as the chief protector of the poor and middle classes. This affirms a mixed economy and significant movement toward greater economic democracy measured by fairer access to public goods and the fruits of public investment.

Loss of faith in government's capacity to change conditions—except through war—is growing but this leads to an induced powerlessness and is a relative of the false god of fatalism. Government is not God, but scripture tells us that good government is of God, ordering life for justice, security, and common welfare. To say that all government is broken is wrong, though politics contain much brokenness. Despite the sometimes nihilistic claim that 'government is broken' it is politics that are broken by being less and less democratic and representative of the interests of most citizens.

As bodies of individuals united in faith, the churches understand the communion which stands at the heart of community. They also understand the realities of inequality and the consequences of economic dislocation—these also hammer at and stretch church budgets at all levels. At their best, churches have a mature capacity for hope, trust, and forgiveness that perseveres in times of suffering and resists the lure of resentment. Prayer itself—the time spent ordering the inner life and orienting it to God—leads to a deeper understanding of and engagement with complexity and contradiction.

In Luke 12, Jesus ends a parable with “to whom much has been given, much will be required” (Lk 12:48). He is speaking of faith, not wealth, but as we end this treatment of the ends of wealth, we point again to the divine generosity that sustains all of life. As Christians aware of the flood of economic and environmental evils, we seek to orient ourselves so that we can point the way to a more divine economy sustained by fairer sharing of both burdens and joys.

APPENDIX A¹⁵

The contemporary economic crisis

From the late 1940s to 1975, productivity and wages soared together in the United States, creating a middle class society; meanwhile there were no bank crises, as New Deal reforms kept commercial banks out of the investment business. But wages flattened in the mid-1970s and have stayed that way ever since, while productivity kept soaring and commercial banks got deeply into the investment business. At the same time, government policies that dramatically exacerbated inequality were enacted. In the 1980s the U.S. cut the marginal tax rate for individuals from 70 percent to 28 percent and cut the top rate on capital gains from 49 percent to 20 percent. These measures had very large effects on the kind of society that we became, fueling inequality.

In the 1980s and 1990s the top five percent of economic earners saw their wealth skyrocket while everyone else fell behind, taking on debt to keep from drowning. During this period nearly every manufacturing-oriented society outperformed the U.S. in income growth *and* did so with more equitable distributions of income. The global integration of two radically different models of growth—debt-financed consumption and production-oriented export and saving—created a world economy featuring asset bubbles and huge trade imbalances. In the U.S. credit card debt increased sevenfold (adjusted for inflation) from 1975 to 2008, and outstanding household debt exploded from 47 percent of the GDP in 1975 to 100 percent in 2005.

First the United States hollowed out its industrial base that paid middle-class wages, providing incentives to firms that manufacture things to make them elsewhere. Then it ran up enormous trade deficits that left the country dependent on China, Japan, Germany, and Saudi Arabia (in that order) to finance its debt. Then the nations that had built up the deficits came with sovereign wealth funds to buy up U.S. companies and factories. In 2007 foreign investors spent \$414 billion buying up American enterprises, a 90 percent increase from 2006 and more than double the average for the previous decade. Then the entire economy cratered after the debt resort reached its outer limit in the U.S. housing market, the mortgage bubble burst, and world credit markets froze. Huge financial firms perished or were bailed out; stocks worldwide lost 42 percent of their value in 2008, erasing more than \$29 trillion.

For twenty years securitizations and derivatives racked up extraordinary yields and allowed banks to hide their debt. Broadly speaking, a derivative is any contract that derives its value from another underlying asset; more narrowly, it is an instrument that allows investors to speculate on the future price of something without having to buy it. Derivatives were developed to allow investors to hedge their risks in financial markets—essentially to buy insurance against market movements. In each case they quickly became major investment options in their own right, allowing executives to claim ‘earnings’ for contracts in which money exchanged hands only at a designated, sometimes far-off future date.

Option trading— paying for the right to exercise an option in the event prices move in a set direction—soared in the 1970s, aided by the growth of computers, which helped to gauge the volatility of assets. Currency swaps, and then interest rate swaps, emerged in the 1980s. From

there it was a short step to the credit default swaps pioneered in the late 1990s, in which parties bet on, or insured against, defaults.

For ten years credit default swaps were fantastically lucrative. In 1998 the total value of credit-default contracts was \$144 billion; by 2008 it was \$62 trillion, and at the very heart of the financial crash. The derivatives market as a whole is equally concentrated. In 2003 seven banks owned 96 percent of the derivatives in the banking system, which had a total value of \$56 trillion; by 2008 the market was estimated to be \$520 trillion. These instruments offered dangerous incentives for false accounting and made it extremely difficult to ascertain a firm's true exposure. By design, they generated huge amounts of leverage in which investors controlled assets far exceeding the original investment. The financial products unit of American International Group (AIG), a corporation of U.S.-based insurance companies, virtually bankrupted the conglomerate by trafficking in derivatives tied to subprime mortgages. Derivatives created dangerous incentives for false accounting and made it extremely difficult to ascertain a firm's true exposure. They generated huge amounts of leverage by design and were developed with virtually no consideration of the broad financial consequences.

In September of 2008 Wall Street was shaken by the collapse of the Lehman Brothers investment bank and the rapid decline of financial portfolios. The valuation of mortgage-backed securities, including those of subprime mortgages with unrealistically high interest rates, was being widely questioned and radically reduced. All derivatives based on bundles of debt instruments that included such 'toxic' assets dramatically lost value, leaving over-leveraged or under-capitalized banks, insurers and other institutions in need of government assistance. That assistance came in the form of a bailout that put massive public investment in institutions 'too big to fail.' Bank of America, Citibank, the insurer American International Group and more than a dozen other private firms received \$634 billion in capitalization from the federal government through the TARP program.. Even then, they were floating on oceans of debt while millions of homeowners were going under.

The months following have seen a continuing wave of foreclosures and layoffs. The housing bubble had popped and the immense load of debt was exposed. The U.S. and most other economies shrank, the dollar declined, and many local banks declared bankruptcy or were taken over. Of greatest concern to the churches, unemployment has increased to almost 10% (much more for people of color in urban communities), weakening families and blocking the vocational fulfillment of millions. A 'stimulus package' designed to increase demand for goods and to prop up job markets was approved and has undoubtedly helped, saving an estimated 2-3 million jobs, though not at the scale necessary to provide anything like full employment. And while federal spending is helping states and municipalities across the nation, continuing aversion to tax increases for any reason has hamstrung public investment at all other levels of the economy. California provides the most dramatic example of a state government in gridlock, unable to respond to fiscal emergencies in prisons, education, and transportation as well as those which affect the environment.

What the Crisis Revealed

It is both too true and too simple to say that greed has dominated economic life in the United States. The celebration and idolization of the market, the subsidies for powerful special interests, preferential tax rates for investment income at half the rate of earned income, widespread use of tax havens, back-dated stock options, and yes, truly grotesque salary differentials between line-workers and CEOs: all of these are true. Yet it is the de-moralization of the economy, including the relinquishment of claims of community and of mutual obligation, that has led most to the abandonment of poor and weaker communities. As in New Orleans and the Gulf Coast region, these disadvantaged communities are generally found in inner cities and in isolated rural areas. Our churches themselves have become perilously divided between those in successful suburbs and those in struggling urban cores, with many rural churches simply folding up. Yet if the gospel has any economic message, it is that the divine economy is one of abundance, not abandonment.

The failure of unregulated, free-market economics is shown not only in the dramatic market failure of a recession that required massive government intervention. It is shown in the limited moral imagination of a culture based primarily on competition. It is not naïve idealism to see that our society is out of balance and in need of *more* shared and democratic accountability, not less.

The credit crisis of 2008 was not only a financial crisis on Wall Street. It was a crisis of faith in the credibility of unlimited market growth. The collapse of the housing bubble revealed major bubble thinking among the financiers responsible for the collapse of corporations and partial implosion of the economy. The spread of toxic assets of little or no value revealed a system incapable of valuing the true goods of economic life: stable communities and functional cities based on production, distribution, innovation, employment, etc. While consumerism was widely celebrated, the reality of economic inequality was becoming more entrenched in U.S. society. It is this inequality that was increased by tax cuts in the second Bush administration, which contributed to conversion of a federal budget surplus in 2000 to current deficit of more than \$3 trillion. Income gains in the 1990's and 2000's went disproportionately to the wealthiest 1% of the population; the lowest 60% saw their net incomes actually decrease.¹⁶

Economic anxiety reinforces anti-immigrant fears and anti-tax measures that further erode the social safety net. Among developed societies, the self-designated 'land of opportunity' had become more a place of class with a racial caste system most evident in the prisons that contained 1 in 100 citizens. In the years leading up to this crisis, the system of public education that has undergirded generations of innovation and business growth was being degraded, and off-budget military spending on wars and unnecessary weapons was creating spectacular debt and deficit spirals, fundamentally burdening future generations of Americans.

It is important to distinguish between the bailout process, which was presented to the public as a way to preserve the banking system, and the stimulus package, which was a very 'Keynesian' way to restore economic 'demand' by putting more money into the economy for education, public works, mass transit, and environmental improvement measures that would produce 'green jobs.' The outgoing Bush Administration was awkwardly involved in attempting to restore economic stability while resisting the 'moral hazard' of rewarding or 'bailing out'

market failure. The former Federal Reserve Chair, Arthur Greenspan, confessed his Ayn Rand-inspired free market ideology had simply left out the danger of economic crashes due to systematic deregulation and near exclusive reliance on monetary policy. Efforts were made to blame the housing bubble on the government-related mortgage lenders Fannie Mae and Freddie Mac, agencies which also enabled the inflation of home values, but were not themselves the primary bundlers of unjustifiable loans nor the credit ratings companies that rated all the derivatives AAA.

The November 2008 election led to a change in political leadership in part due to the perceived failure in economic stewardship but the new Administration— even as it began to act before formally in office— soon experienced a polarized refusal of the minority party to assist economic reform in any way. And the banks themselves, even with Uncle Sam’s support, have to date lent relatively little money to assist growth in the private sector that could have complemented the public sector stimulus. Worse, having been substantially made whole by taxpayer monies, Wall Street immediately returned to the practice of looting the economy for unjustifiably high salaries, while also using vast amounts of money to lobby against financial reforms to protect the market from its worst tendencies. Firms have in fact repaid much of the bailout money, in part to clear the way for renewed high bonus practices.

Among the clearest reforms needed were those on banking practices that some churches had clearly called ‘usury,’ high interest rates, hidden costs, and arbitrary charges most visible in consumer finance. With the elimination of the Glass-Steagall boundaries between investment banks and banks serving the basic economy, bets on the future performance of commodities and other securities had been made and hedged with very little capital margin. These derivatives were often traded most aggressively with the firms’ own monies, ‘incentivized’ by massive bonuses tied to short term gains. The pay structure of the finance sector greatly outpaced any economic productivity gains, and even more greatly outdistanced the basic wages in the U.S., which have been almost stagnant since 1973. Thus the finance sector of the economy, necessary in theory to allocate capital efficiently, was revealed to be highly self-serving and, in the words of the *New York Times*, “without shame.”¹⁷

On July 21, 2010, President Obama signed into law the “Restoring American Financial Stability Act of 2010” after 18 months of legislative struggle. Known as the Dodd-Frank bill, for its chief congressional sponsors, the 2,300 page document is the most substantial regulatory updating since the Great Depression. It wrests some control over the derivatives problem by forcing most derivatives to be traded on an open exchange and cleared through a third party. It authorizes regulators to impose higher capital reserve mandates and authorizes a semi-independent Consumer Finance Protection Bureau, which is designed to remove the ‘tricks and traps’ from credit cards and consumer loans (except automotive loans). And it gives regulators more power to restrict and even break up financial institutions in trouble.

On the other hand, the bill passed by Congress is loaded with carve-outs for corporate users of derivatives, exemptions for foreign exchange swaps, and restricted scrutiny of corporate pension funds. It does not abolish gambling with collateralized debt obligations, but merely authorizes gathering information about abuses and relaying it to Congress. The new legislation relies heavily on the Federal Reserve, which has a cozy relationship with the big banks; the new consumer protection agency, for example, will be housed in the Federal Reserve. Above all, the

big banks have gotten even bigger since they got their bailouts: financial reform is not yet succeeding in scaling back the banks that are too big to fail.

Today the six largest banks control assets totaling over 60 percent of the nation's gross domestic product; fifteen years ago that figure was 15 percent. The new legislation does not restore the boundary between proprietary investing by banks on their own behalf and those business loans for which they are backed by taxpayer monies (the so-called Volcker Rule was to prevent this indirect public subsidy for investment banking). Nor does it set clear ceilings on the size of giant financial firms whose interconnectedness continue to make them too big to fail. One immediate result of this was a parallel weakening of potential international regulation on banks in Basel Bank of International Settlements negotiations.¹⁸

Short of outright nationalization, regulation has been one of the basic ways that private enterprises are held accountable by the government for the common good. Yet the rise of finance-related activity (aggregated by Kevin Phillips as doubling its 1970 hold on 10% of the economy to the current more than 20%) has been accompanied since 1980 by attacks on the supposed inefficiency of government. The debate over healthcare featured this ideological predisposition, despite the wide evidence of government efficiency in Social Security and Medicare, and the much more cost effective delivery of health services in every other developed nation. Fairness to quasi-monopolistic insurance companies was valued over the inclusion of 48 million citizens without health insurance and the cost structure absorbing a higher percentage of resources than anywhere else in the world.

The need to shift to a 'green economy' was most seen in the car industry, where U.S. manufacturers had largely abandoned the hybrid and electric vehicle sectors to foreign firms while pumping out gas-guzzling SUVs and pick-ups, and resisting regulation of fuel economy. Over protests from senators in Southern states (where non-union foreign manufacturing plants are located), some bailout loans were extended to the U.S. automakers and 'green recovery' efforts were made— a 'cash for clunkers' program provided the most effective automotive stimulus. Now owning 61% of General Motors, the U.S. government has helped this firm (and Chrysler) regain some profitability.

The churches are concerned with rising inequality, partly for democracy's sake, but first of all for the crushing of the hope of the poor. The moral impulses that come with Christian faith see in Jesus' frequent parables a generosity rooted in God that is simply revolted by greed and profoundly disturbed by moral indifference. We understand the way that belief systems all too often reflect our self-interest, yet the idolatry of wealth in America— its true toxicity— grows with its concentration. How do we re-moralize an economy in the direction of the common good?

APPENDIX B

A Social Creed for the 21st Century

Approved, November 7, 2007
by the
General Assembly of the
National Council of the Churches of Christ in the USA
and Church World Service

WE CHURCHES OF THE UNITED STATES have a message of hope for a fearful time.

Just as the churches responded to the harshness of early 20th Century industrialization with a prophetic “Social Creed” in 1908, so in our era of globalization we offer a vision of a society that shares more and consumes less, seeks compassion over suspicion and equality over domination, and finds security in joined hands rather than massed arms.

Inspired by Isaiah’s vision of a “peaceable kingdom,” we honor the dignity of every person and the intrinsic value of every creature, and pray and work for the day when none “labor in vain or bear children for calamity” (Isaiah 65:23). We do so as disciples of the One who came “that all may have life, and have it abundantly” (John 10:10), and stand in solidarity with Christians and *with all who strive for justice* around the globe.

In faith, responding to our Creator, we celebrate the full humanity of each woman, man, and child, all created in the divine image as individuals of infinite worth, by working for:

- Full civil, political and economic rights for women and men of all races.
- Abolition of forced labor, human trafficking, and the exploitation of children.
- Employment for all, at a family-sustaining living wage, with equal pay for comparable work.
- The rights of workers to organize, and to share in workplace decisions and productivity growth.
- Protection from dangerous working conditions, with time and benefits to enable full family life.
- A system of criminal rehabilitation, based on restorative justice and an end to the death penalty.

In the love incarnate in Jesus, despite the world’s sufferings and evils, we honor the deep connections within our human family and seek to awaken a new spirit of community, by working for:

- Abatement of hunger and poverty, and enactment of policies benefiting the most vulnerable.
- High quality public education for all and universal, affordable and accessible healthcare.

- An effective program of social security during sickness, disability and old age.
- Tax and budget policies that reduce disparities between rich and poor, strengthen democracy, and provide greater opportunity for everyone within the common good.
- Just immigration policies that protect family unity, safeguard workers' rights, require employer accountability, and foster international cooperation.
- Sustainable communities marked by affordable housing, access to good jobs, and public safety.
- Public service as a high vocation, with real limits on the power of private interests in politics.

In hope sustained by the Holy Spirit, we pledge to be peacemakers in the world and stewards of God's good creation, by working for:

- Adoption of simpler lifestyles for those who have enough; grace over greed in economic life.
- Access for all to clean air and water and healthy food, through wise care of land and technology.
- Sustainable use of earth's resources, promoting alternative energy sources and public transportation with binding covenants to reduce global warming and protect populations most affected.
- Equitable global trade and aid that protects local economies, cultures and livelihoods.
- Peacemaking through multilateral diplomacy rather than unilateral force, the abolition of torture, and a strengthening of the United Nations and the rule of international law.
- Nuclear disarmament and redirection of military spending to more peaceful and productive uses.
- Cooperation and dialogue for peace and environmental justice among the world's religions.

We—individual Christians and churches—commit ourselves to a culture of peace and freedom that embraces non-violence, nurtures character, treasures the environment, and builds community, rooted in a spirituality of inner growth with outward action. We make this commitment together—as members of Christ's body, led by the one Spirit—trusting in the God who makes all things new.

ENDNOTES

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1. Scripture references are taken from Bruce Metzger and Roland E. Murphy, eds., *The New Oxford Annotated Bible with the Apocryphal/Deuterocanonical Books: New Revised Standard Version*, (New York: Oxford University Press, 1991). The word translated as “fair balance” in the opening quote, however, is also translated as “equality” later in our text.
 2. The social creeds are available as follows:
 - a) Federal Council of Churches, 1908 Social Creed of the Churches, <http://www.nccusa.org/pdfs/1908-Social-Creed.pdf>;
 - b) Federal Council of Churches, 1932 Social Creed, (Not posted; see Ronald C. White, Jr. and C. Howard Hopkins, eds. *The Social Gospel: Religion and Reform in Changing America* (Philadelphia: Temple, 1976), pp. 208-09.)
 - c) National Council of Churches and Church World Service, A Social Creed for the 21st Century, 2007, Appendix B and at <http://www.nccusa.org/news/ga2007.socialcreed.html>.Subsequent references in this paper to these creeds are from the above websites, without endnote notation. A DVD and an interpretive booklet produced by the Presbyterian Church (U.S.A.), *Connecting to the Creed*, note that other versions of the Social Creed were produced, particularly in the United Methodist Church. See www.pcusaministries/acswp.
 3. This is a brief summary of a much debated thesis: see Max Weber, *The Protestant Ethic and the Spirit of Capitalism* (New York: Scribners, 1958; Talcott Parsons translation).
 4. An account of the current crisis and what it reveals appears as an appendix at the end of this paper. It provides detailed background to the crisis and the concern it raises for Christians and their churches. What follows in the paper itself draws on this background and concern as it wrestles with the issues from an ecumenical perspective.
 5. Quoted in Michael Kinnamon, *The Ecumenical and Interfaith Call to End Poverty*, presented to the NAEIS, March 16, 2010. See World Council of Churches, *Now is the Time: The Final Document and Other Texts from the World Convocation on Justice, Peace, and the Integrity of Creation* (Geneva: WCC Publications, 1990).
 6. See Christian Iosso, “Changes in Ecumenical Social Witness,” in Dieter T. Hessel, ed. *The Church’s Public Role: Retrospect and Prospect* (Grand Rapids: Eerdmans, 1993), pp. 159-162.
 7. See Gerald H. Anderson, ed. *Witnessing to the Kingdom: Melbourne and Beyond* (Maryknoll: Orbis, 1982), pp. 107-114.
 8. See “Love for the Poor,” <http://www.nccusa.org/pdfs/LoveforPoor.pdf>; and the Accra Declaration, http://www.warc.ch/documents/ACCRA_Pamphlet.pdf.

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9. The phrase is from Gustavo Gutierrez, picked up by the Latin America Bishops' Conference, meeting in Medellin and then Puebla. See Gerald Twomey, *The "Preferential Option for the Poor in Catholic Social Thought from John XXIII and John Paul II* (Edwin Mellen Press, 2005).
 10. World Council of Churches, "Mission and Evangelism: An Ecumenical Affirmation," see: http://cwme.wcc-coe.org/fileadmin/files/mission_statements_web.pdf.
 11. Reinhold Niebuhr, *The Children of Light and the Children of Darkness* (NY: Scribners, 1944) Foreword to First Edition, p. xiii.
 12. Oliver Wendell Holmes, Jr. *Compania de Tabacos v. Collector*, 275 U.S. 87, 100 (1904)
 13. This linkage is developed carefully in James K. Galbraith *Created Unequal: The Crisis in American Pay* (NY: The Free Press, 1998).
 14. Robert H. Frank, "Income Inequality: Too Big To Ignore," *The New York Times*, 10/17/10, p. BU 5.
 15. Complete sourcing for the appendix will be provided at a web posting not yet complete for the <http://www.ncccusa.org> website.
 16. Many economists comment on this pattern revealed in data from the U.S. Bureau of Labor Statistics. One analysis is: Ethan Pollack, "Stagnant Wages, Rising Inequality," Economic Policy Institute, 2008.
 17. See Kevin Hall, *McClatchy*, July 21, 2010 (online archive) and John Cassidy, "The Volcker Rule", *New Yorker*, July 26, 2010.
 18. "U.S. Financial Regulations: Plugging Holes in a Faulty Dam," July 26, 2010, posted on <http://triplecrisis.com>.