

# European Christian Democrats in Crisis

## Relational Economy as Solution

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*Note from Sophie Editor:* A think tank of European Christian Democrats has tried to find a solution to the current ideological and financial crisis. Roel Jongeneel considers their publication, *After Capitalism*, of great significance.<sup>2</sup>

Apart from the economic crisis, the recent elections in the Netherlands also introduced an additional crisis for the Christian Democratic Appeal (CDA). Once again, the party suffered an unprecedented loss. Various analyses comment that the CDA must formulate its vision anew and return to its sources. Bart Jan Spruyt, columnist of the *Catholic Courier*<sup>3</sup> asserts that the “C” in the acronym needs to be circumscribed with a Christian conservatism. According to Dr. Meijering of *Reformational Daily*, the CDA must choose an explicitly Christian course. He suggested that the defeat was not a public punishment for the party because of its coalition with another party, but was more the result of the deficit caused by a weak “ethical Christianity.” This holds true for the party as well the churches. Though the consequences of the financial crisis cannot yet be overseen, it is clear that a sound vision on the economy is needed more than ever. It is interesting that at the continental European level there is a think tank, the European Christian Political Movement (ECPM), that is actively engaged in formulating such a Christian-social vision on economic life. Recently ECPM, in cooperation with the Jubilee Centre of the United Kingdom, published such a vision under the title *After Capitalism*.

The authors of this study, Mills and Schluter (M&S), open their book with the warning that there may be a double crisis. At first, Socialism collapsed and it appeared that Capitalism was about to make a glorious victory march. However, barely twenty years later it is Capitalism that find itself in a serious crisis. While

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<sup>1</sup>Roel Jongeneel, transl. Jan H. Boer, original title: “*Europese christendemocraten in de crisis: Relatieve economie als antwoord.*” *Sophie* October 2012, pp. 4-7. All footnotes in this translation are the translator’s, except for number 5.

<sup>2</sup>This is a Christian party with its main roots in and amalgamation of both the Kuyperian Reformational and Catholic political movements in the Netherlands.

<sup>3</sup>*Katholiek Nieuwsblad*.

the first was a case of inefficient central planning on the part of government, now we are faced with a capitalistic dynamic, financed by debts, that is imploding on itself. On the one side we are confronted with a crisis around the finances of banks and governments, while on the other side there are increasing indications that there is also a question of a moral crisis. This time around, there does not appear to be a practical alternative to fill the vacuum. Nevertheless, M&S are convinced that such a better alternative exists: the relational economy.

## **Biblical Foundation**

The authors have chosen to relate the evaluation of the economic system that is necessary to Biblical revelation. “The starting point of our evaluation is the revelation that, as a relational Being, God’s priority is not economic growth, but good relations between humans and Himself and amongst humans themselves.”<sup>4</sup>

According to M&S, relationships are the dominant theme in the Old Testament, with the important element being the covenant. The law revolves in fact around a sustainable, devoted relationship within which faithfulness is the fulcrum.

Much has changed in the New Testament, but there, too, the relational perspective is important. Jesus, through whom God relates to humans, is not called “Immanuel” for nothing, When asked what is important, He responds that loving God and your neighbours is what the law and prophets are all about.

## **Failing Capitalism**

M&S argue that Capitalism falls short. By Capitalism they mean *corporate Capitalism*, which is to say the modern free-market economy in which huge companies provide the economic dynamic and the business world, the tone.

The shortage of Capitalism concerns especially *moral failure*. They mention five key factors that explain the moral failure of Capitalism. The first one has to do with philosophy that is the foundation of Capitalism, while the other touches more upon its institutions.

1. *Exclusive materialistic vision*: In Capitalism, according to M&S, everything turns on the pursuit of profit and personal gain. It promotes the deification

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<sup>4</sup>This quote is a translation of the Dutch translation of the original English text.

of money, that which Jesus points to as the power of Mammon. In the world of the modern corporation the shape and form may be different from that of earlier times, but the motive is the same. The central focus is in fact *shareholder value*, especially in the dominant Anglo-Saxon model, a system driven by the materialistic desire for profit on the part of shareholders. This leads to idolatry of wealth and economic growth. It is no coincidence that corporations try to increase their production by aggressive advertising, the making of short-lived products, and the financing of rapid growth by going into debt.

2. *Compensation without responsibility*: In Capitalism, capital providers have to react to profit indicators in order to move the capital to those places where there is the most urgent need for it. According to M&S, Jesus calls the moving of money for profit “harvesting where people have not sown” (Matthew 25:26-27).<sup>5</sup> The point they want to make is that in Capitalism the anonymous provider of capital plays a central role. He does run a small risk with his investment, but generally he takes no responsibility of any kind for how or where his money is used. The buying of shares is in that sense comparable with betting in horse races. In contrast, Jesus seems to focus on the impact that the investment of money has on your relationship with your neighbour. The role of loans in the economy and the expansion of corporations via debt financing creates, according to M&S, relational remoteness in place of nearness and indifference in place of involvement. It should not be allowed to make profit or income without taking full responsibility.<sup>6</sup>
3. *Restricted liability of shareholders or providers of capital*: Originally the corporation was a marginal feature in the economy, but the modern commercial corporation today is the heart of the modern economy. It is the engine that drives and directs things. In the 20<sup>th</sup> century there has been a movement that saw to it that the corporation could be a legal person. With that, restricted liability was introduced. It is this restricted liability that has made it possible for corporations to leave unpaid debts behind when they go into bankruptcy. According to M&S, this development is direct contradiction

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<sup>5</sup>I consider this a questionable exegesis on their part that suggests that Jesus strongly disapproves of interest as unnatural. There do not seem to be such strong indications in either the gospels or the New Testament as a whole.

<sup>6</sup>This last sentence is a major theme of my book *Caught in the Middle*, the text of which is accessible on the Boeriana page of this website.

with a fundamental moral duty that also needs to mark modern economic life. Put more strongly, they observe that the lack of responsibility is cultivated, promoted, rather than punished. In the financial sector many dangerous measures are taken that encourage taking great risks and that thereby render the system vulnerable. When things go wrong, it is primarily third parties, that is to say, people who can play no part in these developments, who experience the full consequences in these situations.

4. *Separation of indigenous people and their places:* M&S observe that in the Old Testament an important role is attributed to land and other immovable goods. Every fifty years properties had to be returned to the original owner. This arrangement gave each family literally an unbreakable connection with a specific location, namely the acreage that God had entrusted to their family. In the contemporary economy, land and other immovable goods have become part of an abstract notion of capital, namely, assets. According to economists, the break of this tie between family and place is good for mobility and therefore also for increasing productivity. M&S assert that this is at the expense of healthy community development and mutual care. The promotion of mobility in Capitalism leads to serious external effects that are frequently underrated, such as redirecting responsibility for health care to the government. This increased mobility and the development of nuclear families consisting of parents and, eventually, children, come at important costs to the society.
5. *Insufficient social network:* According to M&S, Capitalism *an sich* does not have an eye for the protection of the vulnerable and weak. Consumers can best care for themselves, provided they have free choice. The same holds with respect to production. Allow corporations freedom to operate and protect their maximal freedom. Where the economic order is squeezed, the call for further deregulation and liberalization is heard. Clear the air for the economy and for the various interests manifested therein. Whether the issue is the availability of ease of commerce, as, for example, the introduction of plastic money in the form of credit cards, or consumptive credit or the 24-hour economy, one hears the same refrain: reduce regulations and allow the market space to do its work. M&S assert that such arrangements are in sharp contrast to the Biblical model, where there are all sorts of regulations, such as the law against usury, to tame the economic traffic, to make it serviceable

and to protect the poor. In the meantime, the other side of the coin of the deregulation movement has also become clear. Freedom is often abused, while the so-called room for choice is largely deceiving. For many, therefore, the choice is extremely difficult.

According to M&S, the moral failures of Capitalism have two serious consequences. The first is the breakdown of families and communities. The economy does not serve the community but threatens it and reduces its quality. The second consequence is the development of a powerful government and powerful corporations. The comprehensive and centralized government, along with its bureaucracy, is a threat to freedom. It will increasingly take over the tasks of families and thus implicitly contribute to the decreasing loyalty of people to their families and local communities. The other side of the coin is the growth of large corporations that exceed normal human scales and become independent out-of-control colossae.

### **Revitalization of Economic Life**

M&S present the Biblical model as a practical alternative to Capitalism. But does that not promote a static agrarian society? M&S reject that critique and argue that it is about an alternative paradigm that has meaning for the economic life of all ages. It is good to realize that already in the Mosaic law there were inbuilt considerations for the “hardness of hearts.” Thus, this is not about some ideal little bubble where God’s will is obeyed without taking also into consideration sin and brokenness. M&S acknowledge that most likely the Biblical model was never fully applied. However, that is not because it is short of practical wisdom or because it cannot be applied universally.

According to M&S, it is striking how Biblical law provides a coherent framework for economic life. It is so good that it makes more allowance for our desire for fairness and efficiency than the contemporary economic consensus.

M&S orient themselves for their approach very strongly on Biblical principles. Much of it they derive from the Old Testament, but they point out that Jesus Himself has pointed to the enduring validity of God’s laws and calls upon New Testament Christians to apply God’s commandments. Jesus’ follower and disciple, John, and the Apostle Paul do the same, both in their own ways. It will not do, therefore,

to act as if the wisdom and norms of Biblical times are no longer valid or have lost their significance for today.

The authors of *After Capitalism* acknowledge that many Old Testament laws are of temporary ceremonial character and have been fulfilled in Christ, but, at the same time, they acknowledge the word of Jesus that those old laws have never lost their significance for today (Matthew 5:17).

In their search for the central theme of Biblical law, M&S had to deal with the summary of the law about loving God and neighbour (Matthew 22:36-40). Love is not the language of finance or of economics, but of relations! “God does not measure a society according to its GNP, or the efficiency of its markets, but by the quality of relationships” (p. 56). It took them a few years, but then they applied this insight to public life and the economy and began increasingly to see its great value. That is how *relational economics* was born as a new Christian vision on economic life.<sup>7</sup>

## **Principles for a Relational Economy**

M&S present us with seven basic principles for a relational economy.

1. First of all, *there is a need for a new criterion for economic development*. Instead of using the GNP as criterion for achievement, they plead for placing a criterion at the centre that takes more into account what really contributes to the welfare and gives an indication of the quality of relationships.
2. The second principle concerns free markets for products. *An important feature of the Biblical model is that it leaves the markets for goods and services more or less free, while factors such as labour, real estate and movement of capital and the manner labour, real estate and loans are treated is bound to specific rules*. For the distribution of goods and services, mutual exchange via the free market is thus the preferred standard. But when it comes to labour relations (who works for whom and under what conditions?) and real

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<sup>7</sup>I reiterate reference in footnote 6 to my book on this subject. Though I appreciate M&S's book and its vision along with this article, I challenge the statement that M&S's book constitutes the birth of a new *original* Christian vision. I will gratefully acknowledge, however, that they give more body to this vision as in the principles below.

estate (who is the owner and how is it used?), then specific rules come into play and there is no further talk about free exchange under which whatever two parties in their own wisdom agree on what is good.

3. The third principle concerns *relational finance*. The capitalistic debt financing renders the economy vulnerable for the effects of booms and busts, for up-and-down economic cycles and speculative bubbles.
4. The next is *care for rooted and vital families*. Land laws in the Old Testament assigned people their own place in a specific community and a particular place. This had positive effects for the practice of mutual care.
5. Then there is that of *limited role of government* and of a government that will not accept being overloaded with responsibilities forced on it, but, instead, addresses its citizens according to clear protocols.
6. The sixth is that *private business be the motor of the economy*. There must be freedom for entrepreneurial initiative, even though businesses do work under certain conditions. There are, for example, restrictions concerning the extent of debt financing as well as restrictions on the responsibility for a seven-year cycle (Sabbath year) and there are moral rights and obligations connected to owning and dealing with property.
7. The seventh and final principle is that of the *priorities of relations and rest*. In the Biblical model striving for personal gain and realizing profit is subservient to good relations with each other and with God. This touches first of all on the use of time, according to M&S. The institution of a collective work-free day is not only important for religious reasons, but also contributes to the physical health as well as the sound functioning and welfare of the people.

## **Conclusion**

Relations and trust are crucial in the economy. For many enterprises, success or lack of it is directly tied to the lack of development of good relations and subsequently to related good relations management and a customer relations perspective in the organization. The economy may not parasitize or sponge off relations, but must, rather, promote the power and quality of these relations. This influences both behaviour and the institution. It also demands a government with its own perspective on the economy; that is, a perspective in which responsibilities are clearly assigned and distinguished and for which the various parties are subsequently

made to account. Those who still pursue only their own self-interest are “sick” and must not be helped by “more.” Their relations with others must be renewed in various ways.

M&S are making a significant point with their analysis and make recommendations to dig out of the economic crisis that deserve our support. It is true that generalizations with respect to the relevance of Scriptural data for the modern economy sometimes come too easily. The hermeneutics required to demonstrate the relevance of these Biblical data for our time must clearly take into account the increased complexity of economic life and with the professional insights gained over the course of time.

M&S consider their plea for a relational economy as an assignment and calling from God. Their desire to be fair and just to people, to protect and strengthen mutual relations, all flow out of the central love commandment as Christians know it. This commandment includes also the love for God, which is even the driving motif of loving our neighbour. Herewith, the authors are bringing the “C” into the heart of the economy, of politics and of people. CDA, go for it!