

Our Responsibility before God: Taming the ‘Seven Capital Sins’

How to bring back trust and confidence in our market economy

Felix Breidenstein lists seven ‘sins’ of our 21st Century market-driven society which erode trust and confidence. To overcome these, we need freedom, reliable institutions and a sense of personal moral responsibility. Instead of criticising, the churches should encourage the witness and integrity of their members in industry.

A fish takes water in the sea for granted – unless it is caught by fishermen. So it is with us: we take many things for granted, until a fisherman hooks us. Every day, we use water from the tap to wash, drink and cook. We don’t talk about water quality, we simply use it and take its quality for granted – until the water itself is polluted.

In our market-driven economy, we too take many things for granted. For the food we eat, we trust the baker, the butcher, the companies in

the food industry and the supermarkets who sell to us, that they market only products of reliable quality. For our medical care, we trust the doctor, the pharmacist and the pharmaceutical company to have our health at heart, not only their own financial benefit. We take it for granted that car manufacturers sell only cars in compliance with environmental protection laws, keeping us safe and healthy. And currently much in the spotlight, we trust bankers and financial advisers to sell us products and services that

support our financial wellbeing, not merely their own profits.

The scandals in the industries listed – the film *Erin Brockovich* about Pacific Gas and Electric’s contamination of the groundwater; the obesity-generating high-sugar fizzy drinks marketed by global corporations; the VW and GM scandals (see FIBQ 17.4, May 2016); and the ongoing mis-selling insurance and banking scandals – all these indicate a malaise at the core of our market economy.



The deadly San Bruno pipeline explosion for which Pacific Gas & Electric Co. were convicted of violating pipeline safety laws.

Photo: Noah Berger, Associated Press



Photo: Reuters

Former Israeli prime minister Ehud Olmert, sentenced by Jerusalem Supreme Court to 18 months for bribery

Managers in companies large and small have failed us. But we shouldn't only blame the managers: we too as consumers were an important player in the game. In his last essay, *The lost honour of the merchant*, Ralf Dahrendorf (1929–2009), former Director of the LSE, wrote, “present-day customers of banks looked for a much higher profit for their savings.”¹ We all looked for cheaper prices in the supermarkets. We all wanted more for our money than in the past.

Since the fall of communist states, one economic model has dominated our world: the globalised market-driven economy. The competition between the two systems is over and we have a clear winner. This economy has to provide goods for everybody and wealth to all people. The focus is very clear: to fulfil the needs of consumer-driven markets. ‘Der Kunde ist Koenig’ – the customer is king, and all our wants shall be satisfied in that globalised market-driven economy.

Growing for many years, but significantly since the economic crisis of 2008, mistrust of this globalised market-driven economy has intensified, as Brexit, the election of Donald Trump and the rise of populist parties throughout the western world have shown. People are asking many questions about the right way to do “capitalism”, especially the “turbo-capitalisms” that seem to be dominating this unchallenged economic order.

I identify seven capital sins for this reduction of trust in our market-driven economy.

1. When deception looks like fraud

The devil is in the small print – but none of us scroll through all the legal small print in the product-boxes. We do not have the knowledge and expertise to identify the crucial issues. And even the most responsible consumer has no chance of negotiating with the company that has set up the

general conditions. Buying goods at a shop does not enable us to negotiate with the producer and their lawyers. We need general conditions, but there are too often too many deceptive things, hidden in the small print.

2. When tax avoidance looks like tax evasion

Consumers can't escape paying taxes: sales tax and value-added taxes are taken at the point of sale. Income tax is linked to the jurisdiction we live in and the overwhelming majority of us cannot easily change the place where we work and live. But large corporations can – and do. Just by writing some legal paperwork companies reduce their tax profile by moving profits from the country they are made in and paying much lower taxes in another country. Consumers pay a fair share of their income for the benefit of the wider community. International corporations too often have not paid their legitimate tax in the

country where their profits are made. Most people see this not as tax avoidance, but as tax evasion, failing the test of good citizenship towards the wider community.

3. When corruption erodes trust

Corruption distorts the truth and undermines trust in the market-driven economy. The essence of a bribe is a payment without working for it. There is no product and no service in exchange for the money. Contracts are placed, because a powerful person has influenced the outcome. Corruption based on power, position or belonging to a network is a profit to which they are not entitled by their own merit. The German proverb, “A fish stinks from the head,” indicates how corruption starts at the top but filters down to every level of society. Ecclesiastes agrees: ‘If you see the poor oppressed in a district, and justice and rights denied, do not be surprised at such things; for one official is eyed by a higher one, and over them both are others higher still.’ (Eccl 5.8, NIV)

4. When disparity in salaries looks like greed

Germany has a less Anglo-Saxon form of free-market capitalism than America or the UK. Even so, in the last ten years the income of executive board members of large corporations grew at times more than 100%, twice the percentage of an average worker. In 2005 executive board members at Volkswagen received an income 41 times higher than the income of an average worker. In 2011 it was 170 times higher². Even in cases of mismanagement, the individual income of board members remained at that same high level.

5. When our environment is destroyed

The environment in Europe and North America is in a much better state than it was some decades ago. But in many cases we have merely exported our pollution to lower-cost manufacturing countries. On a global scale we are still using more

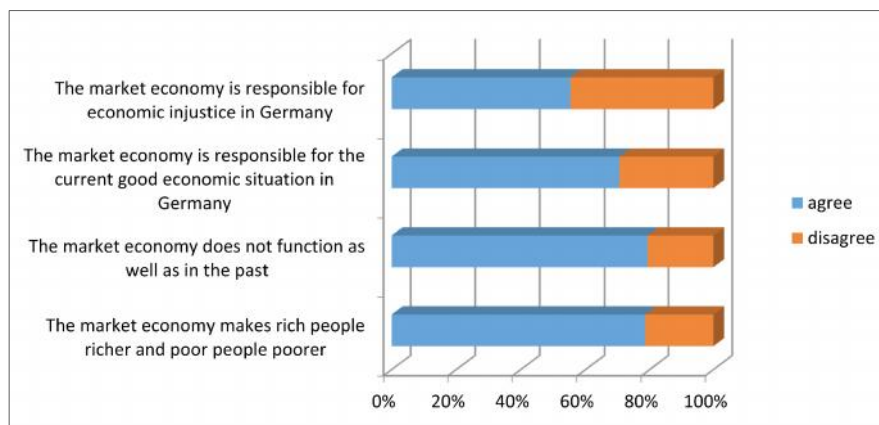
resources in a given period than our planet can recover and reproduce. Climate change is still a major threat to all human beings. We have urgently to change the way we produce goods and consume energy in order to stop the speed of climate change.

6. When globalisation outsources poverty and pollution

When fair and free, global trade can be a beneficial process. In the last 50 years, more people have escaped from extreme poverty than ever before. But in some cases, globalisation has merely outsourced poverty and pollution from Europe and North America to Asia, Africa and Latin America.

value for money, the free market perishes.

These seven misbehaviours – the capital sins – have in many countries changed the general public’s perception of our economic system. To take Germany as an example: in 2015 a survey by the public broadcasting company ARD showed the growth of mistrust in German society towards the social market economy. An astonishing fact: 77% of the population agreed that a market-driven economy is making richer people richer and poorer people poorer. At the same time they agreed that a market-driven economy is responsible for the good economic situation in Germany.



There is still a large gap between life expectancy and gross domestic product per person in those continents compared to Europe and North America.³

7. When lobbyists and cartels misuse influence and power

Lobbyism undermines the principle of a democracy. In a developed society we need specialists in all fields. But decisions should be made transparently by parliaments. The executive is responsible to the elected legislature, but lobbyists are responsible only to their clients and, preferring the shadows, they seldom act in a transparent way. Meanwhile cartels, secret networks acting in collusion, destroy freedom of choice as the basis of market-driven economies. If a market-player – a company or a consumer – cannot choose the best

Making a market-driven economy acceptable in a democracy.

The market-driven economies that dominate the western world – and increasingly wherever in the world democracy flourishes – need a basis to remain acceptable to the consumers who are its citizens and tax-payers. I identify three conditions to achieve this, in order to be accepted by people in our societies.

Since the fall of communist states there are more people now living in free societies than ever before. The element of individual and corporate freedom, to behave as independent actors in the economic environment, is critical. Without the freedom to close or not to close contracts with other people or institutions a market-driven economy will not



**Global tax strategies:
British Virgin Islands:
a fruitful source**

Photo: Government of the Virgin Islands

work effectively and will not fulfil its goal: to bring wealth to all.

A second condition is the establishment of a stable state and reliable institutions. Not necessarily a democratic state: market economies may work well in some countries in Asia which do not have democratic structures. But reliable laws and regulations are a framework that every market-driven economy needs in order to exist. Note however, that trustworthy institutions can be perverted by any of the capital sins.

One further condition is required for a market driven economy to be successful. This element is the one that is missing in present-day capitalisms, the element that provokes so much distrust, apprehension and fear. It's the absence of a shared sense of responsibility, where every actor, individual or corporate, behaves in a way that recognises our mutual solidarity and responsibility towards each other.

Everybody who acts in an economic market must be responsible for its activities to the state, to contractual partners, and to the general public. All modern states which have a

developed society guarantee this type of responsibility by providing byelaws and regulations. But laws and regulations are based on the assumption that all parties acting in a market economy respect the rules and bind themselves to those same laws and regulations. That was an assumption well accepted in the past, but it may no longer hold. We need a new basis to build our economic system on.

Responsibility needs a counterpart. The contractual partner is not a counterpart on eyesight level: big companies do not care for the single consumer. A consumer is a customer, but very seldom a counterpart on eye level. The consumer lacks both the negotiating power and the detailed technical knowledge that the company selling goods or services possesses. For example, I personally do not know how the engine in my car really works, nor am I able to check if the car I want to buy actually is of safe

and reliable quality. And small companies are often in a situation similar to individual consumers. They do not have the power to negotiate on equal terms, and may be economically dependent on big corporations.

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Nor is it only the individual consumer and the small company that lack power vis-à-vis the large corporation. Even the modern state is barely an equal counterpart any more. National administrations are too weak. They need more skilled human resources, more technical knowledge, and they are limited by the borders of their

country. International trade (sales and purchase) and international finance can be managed by any midsize company. Global sourcing and global tax strategies are available from any computer at any desk. Companies and high-wealth individuals avoid unpleasant state legislation by domiciling themselves in another jurisdiction.

Before he became a judge at the Federal Constitutional Court, Germany's equivalent of the Supreme Court, Ernst-Wolfgang Böckenförde wrote in his book *The State, the Company and Freedom*: "The liberal secular state lives on premises that it cannot itself guarantee. On the one hand, it can subsist only if the freedom it consents to its citizens is regulated from within, inside the moral substance of individuals and of a homogeneous society. On the other hand, it is not able to guarantee these forces of inner regulation by itself without renouncing its liberalism."⁴

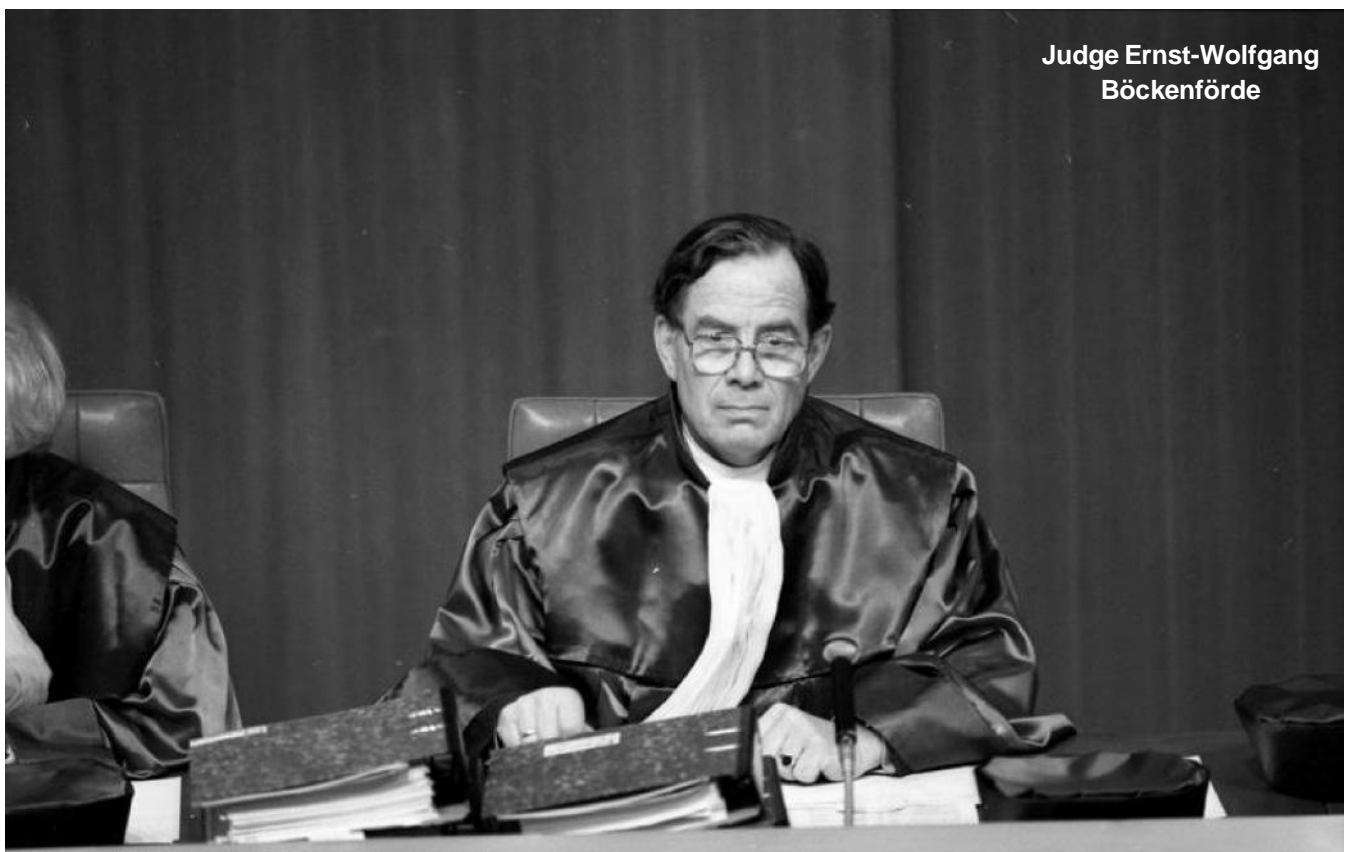
The premises that Judge Böckenförde wrote of are the moral and ethical presuppositions that have traditionally underpinned western societies. They suppose that individuals, institutions and companies share a moral code. But a liberal state cannot *force* its citizens to believe in and adhere to those principles: to do so would be to renounce its liberalism!

So such principles have to come into our societies from another source. One source has been the belief in the responsibility of all individuals to God. In past centuries, Christianity and Judaism have been sources of values and premises that everybody in western societies accepted or at least paid lip-service to. In today's highly secularised societies and economic systems, all that has changed dramatically.

We do not want to go back to the times when a person with absolute power (king or dictator) set the rules for everybody. But we have to accept that something is missing in our societies. Freedom of activity and expression, and freedom to act in a market economy, must have some basis. We have to recognise that neither the secular state nor the secular corporation can guarantee these premises: the nature of their liberal secularism prevents them from creating any absolute moral code of conduct.

The de-linking of economic activity from any moral code creates a jungle of corporate self-interest. If only a few individuals or corporations act against the laws and regulations, the judge's sentence is accepted by the majority. But if too many subjects in a given society are acting against the laws, the state loses both credibility and control. Currently we are at crossroads: too many subjects in our market-driven economies are not acting in compliance with our laws and regulations. The seven capital sins appear every day in the business section of any newspaper. That misbehaviour and wrongdoing will, in the long run and perhaps sooner, destroy our market economy system.

If we believe that a market-driven economy in a free society is the best possible system to keep our nations wealthy and to deliver wealth to other nations too, we have to find other ways to create the 'moral substance' that Judge Böckenförde insists is essential. What might constitute that 'inner regulation' which guides and controls



Judge Ernst-Wolfgang
Böckenförde

Bundesarchiv, B 145 Bild-FD80590-0023
Foto: Reineke, Engelbert | 17. Januar 1989

individuals, corporations, and the state itself? Is it even possible to create a god-free political, economic and social system founded on a moral and ethical basis?

It took many decades to develop free and secular societies and it may take many decades to convince people that being responsible only to themselves is insufficient. A first step could be to enforce our state institutions to act as “substitute absolutes”. They may set up regulations and rules as if there were a God. Even secular non-believers might set up such laws if they were convinced that this would be the best way to safeguard our economic system. We have to make our institutions robust. They need more human and financial resources to execute laws and regulations. In a society where most people accept the concept of responsibility, only a few criminals have to be taken to court. In a society where most people are

following the seven capital sins, or are totally disillusioned with the system, more has to be done to ensure its continuing functioning.

For much of the last century most of our churches and their leaders have been criticising capitalism. Instead of criticising, church leaders would have done better to highlight their members who have combined entrepreneurial talent with integrity, consideration for their employees, and service to their customers. Christian individuals, men and women, can make and have made a difference. By setting up ethical businesses they have achieved considerable impact and left a legacy of high personal ethics and business integrity. They have been salt and light in their own businesses, and a challenge to the practices of their secular peers.

Churches and Christian individuals earn the right to the prophetic call – so fundamental in the Old Testament

– to warn companies and corporations that they also are liable before God. Unwelcome though it may be in secular Europe, Church leaders do have the right to call the corporation and its leadership to frame their actions in compliance with a God who has established in the Ten Commandments a pattern of behaviour that all human institutions must live by now, and by which they will ultimately be judged.

The Bible speaks of a God before whom every thought, motive and action is transparent. The Old Testament prophets were convinced of this, and warned their listeners that the one who sees is also the one who judges. Hagar, Abraham’s Egyptian concubine, called God ‘the One who sees me’ when God provided the means of survival for her and her son. (Genesis 16.13-14, NIV). The writer to the Hebrews in the New Testament warns ‘Nothing in all creation is hidden from God’s sight.

The prophetic call to warn companies

John the Baptist Preaching
Fresco (1732-1733)
Giovanni Battista Tiepolo
Cappella Colleoni,
Bergamo,
Italy



Everything is uncovered and laid bare before the eyes of him to whom we must give account.’ (Hebrews 4.13 (NIV). See also Jeremiah 17.10 and 23.24; Psalm 44.21; I Thessalonians 2.13 and Revelation 2.23.)

God’s rules for human society are succinct and simple, nothing like as complicated as our laws and not as complex as the regulations for our market-driven economy. Jesus has put the ten commandments of the Old Testament into three: first: Love God, second: love yourself and third: love your neighbour as you love yourself⁵. This tripod of rules is easy to memorise, and well summarises Judge Böckenförde’s ‘moral substance’ and ‘inner regulation’.

Just as every activity in our society is subject to our liability to the state, through the judges in the judicial system, so every activity at the same time on a different and additional level is subject to our liability before God. Jesus used a parable when he explained that concept to his disciples:

When he finally arrives, blazing in beauty and all his angels with him, the Son of Man will take his place on his glorious throne. Then all the nations will be arranged before him and he will sort the people

‘ Everything is uncovered and laid bare before the eyes of him to whom we must give account’


out, much as a shepherd sorts out sheep and goats, putting sheep to his right and goats to his left. Then the King will say to those on his right, ‘Enter, you who are blessed by my Father! Take what’s coming to you in this kingdom. It’s been ready for you since the world’s foundation. And here’s why: I was hungry and you fed me, I was thirsty and you gave me a

drink, I was homeless and you gave me a room, I was shivering and you gave me clothes, I was sick and you stopped to visit, I was in prison and you came to me. ‘Then those ‘sheep’ are going to say, ‘Master, what are you talking about? When did we ever see you hungry and feed you, thirsty and give you a drink? And when did we ever see you sick or

in prison and come to you?’ Then the King will say, ‘I’m telling the solemn truth: Whenever you did one of these things to someone overlooked or ignored, that was me – you did it to me. Then he will turn to the ‘goats,’ the ones on his left, and say, ‘Get out, worthless goats! You’re good for nothing but the fires of hell. And why? Because – I was hungry and you gave me no meal, I was thirsty and you gave me no drink, I was homeless and

you gave me no bed, I was shivering and you gave me no clothes, sick and in prison, and you never visited. Then those ‘goats’ are going to say, ‘Master, what are you talking about? When did we ever see you hungry or thirsty or homeless or shivering or sick or in prison and didn’t help? He will answer them, ‘I’m telling the solemn truth: Whenever you failed to do one of these things to someone who was being overlooked or ignored, that was me – you failed to do it to me. Then those ‘goats’ will be herded to their eternal doom, but the ‘sheep’ to their eternal reward.’⁶

The astonishing fact is that the sheep did not know why they were to be rewarded. They simply did what was in their character and personality. They fulfilled the tripod of rules not with the intention of being liable before God. They did it because it was the right thing to do – as a human being in a human society, as a player in a market-driven economy.

When we have individuals and institutions with such characters and personalities, we can regain the trust and confidence of those citizens currently disillusioned with the economic system. We can develop market-driven economies to feed people, to bring wealth to the nations, and to deliver all the goods and services needed by our societies. 

1 Ralf Dahrendorf, “Die verlorene Ehre des Kaufmanns” (The lost honour of the merchant) in *Wer zahlt die Zeche, Wege aus der Krise*, edited by Jürgen Rüttgers, 2009

2 Handelsblatt, May 1st 2016 Page 63

3 https://de.wikipedia.org/wiki/Liste_der_Länder_nach_Bruttoinlandsprodukt_pro_Kopf

4 Ernst-Wolfgang Böckenförde, *Staat, Gesellschaft, Freiheit*, 1976, page 60

5 Matthew 22:34

6 Matthew 25: 31-46. The Message, the Bible in contemporary language by Eugene Peterson



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