

The choice between what is and what ought to be

by Bob Goudzwaard

The Gospel confronts us with the choice between what is and what ought to be. In the history of the Christian Church it has become evident again and again that there are great dangers for Christians on precisely this point. The early Church was so convinced that the Christian has no abiding city in this world that it sought to escape as far as possible into otherworldliness. In the reaction which followed, however, people turned to the world with such enthusiasm that they made the salvation of existing structures and situations one of the goals of their own participation in society.

The view of society which existed in the middle ages canonized, for example, existing societal relationships by arranging them in the form of a pyramid, according to the Pauline example of the one body of Christ with many members which need each other (I Cor. 12). In this structure everyone had to remain in the class or rank in which he was called (with an appeal to I Cor. 7). Thus the history of the Christian Church resembles the steady swinging of a pendulum between shunning and accepting the world, between negation and affirmation.

But the Reformers, however imperfectly, pointed out that these were not the only two possibilities. A Lutheran saying, popular in Norway, gives voice to a third possibility: One can at one and the same time be a full citizen of the earthly kingdom and the Kingdom of God. Those who want to live by the Gospel will for exactly this reason turn also to this world and its citizens. The idea has sometimes been expressed like this: a man is converted twice - first from man to Christian, and then from Christian to man. The Gospel points us to God, and because of that, back to the world again. But at the same time this evangelical orientation to the world could never be an orientation which is at peace with everything that exists in the world. For citizenship in the Kingdom of God will express itself in our desire to foreshadow that coming Kingdom in this world, and search for the justice of that Kingdom in earthly relationships. Not what is, but what ought to be, must be the yardstick of our actions.

The choice that confronts everyone is found in the Gospel, and not in our own inventions. The Gospel is a power unto salvation, not only for individuals, but for communities and for nations as well. It doesn't safeguard communities as they exist now, but looks forward to "salvation" in the future when Jesus Christ returns again. To save human society for the future will require us to work for basic changes now. Not just any change will do (then we'd exchange conservatism for progressivism), but changes which make society just indeed.

Architectonic Criticism

In this connection Abraham Kuyper, the leader of the nineteenth century Dutch reformation, once coined the term "architectonic criticism"- a critique of the architecture, the very structure of our society. This societal structure demands revision, especially on all those points where the structure itself gives rise to sin, evil, and injustice. For the sake of the Gospel we should never be at peace with these elements of human societal structure.

The clearest example of this is the critique Kuyper himself gave of the society of his days. At that time there reigned an unchecked competition between businesses, a competition which was so severe that it extended to the wages and contracts of employees. One factory would try to take advantage of another by lowering wages and involving the wives and children of its labourers in the production process.

Kuyper clearly saw that this “social question” couldn’t be reduced simply to the immoral conduct of the individual entrepreneurs. Anyone who didn’t engage in these practices could expect nothing less than bankruptcy; he was simply pushed off the market by his competitors. Hence Kuyper came to the conclusion that the very structure of society itself gave rise to this evil and injustice. Societal architecture forced businessmen to commit injustice towards their labourers.

Kuyper’s solution to this problem was far ahead of his time. He asserted that the social aspect of economic life was fundamentally broken, and that therefore only the bringing together of employers and employees could create a climate within which the evils could be rooted out. So he proposed making industrial organizations subject to civil law; an idea which he changed into a proposal to organize industrially according to public law when in 1910 there was still no evidence of a willingness to meet together by employers and employees. Kuyper’s foresight into the necessity of bringing management and labour together gradually came about, and finally made it possible for both sides to agree on “collective labour contracts”. These contracts, arrived at through consultation of management and labour, made wages a factor placed beyond the competition of the market place. Labour conditions were then agreed upon beforehand, independent of the competition between various firms. The structure of society had been changed; it no longer gave rise to this particular form of unbearable injustice. This societal restructuring was completed when subsequently these collective labour contracts were made law by the government.

This whole story is important because it illustrates clearly that the very structure of society itself can give rise to injustices. To put it differently, a Christian approach to politics can’t restrict itself to the limited area of individual ethics; it will have to embody a large part of social ethics. It isn’t enough for a Christian approach to politics to call individuals and groups to charity; the government will have to intervene in the societal structure so that it becomes a framework enabling more just circumstances to prevail.

Developmental Aid

Another example of evil and injustice is the continually widening gap in prosperity between rich and poor countries. In this area of widespread concern we shouldn’t put all our eggs in the one basket of insufficient private charity, but we’ve got to be aware of the structural roots of the problem.

The great gap between rich and poor countries is in fact a legacy of the colonial past of western countries. Even if they didn’t directly exploit their colonies, without exception they all failed to enable the peoples of these countries to start their own economic growth process through industrial investments. They never tried to break through the cycle of “poverty - some prosperity - population growth - poverty”. So developmental aid is no generous gesture on the part of the West, but the payment of a moral debt.

When we try to uncover the structural roots of this worldwide “social question” a little further, we discover that one of the basic reasons for the widening gap appears to be that the West has the tendency to translate each growth in prosperity into an equivalent growth in

consumption, which in turn leads to new investments which are oriented to ever more luxurious consumption. In other words, the West in its prosperity structure is oriented solely towards itself. Because of this a structural disharmony has been precipitated on a global scale. Here in the West the societal order is oriented to the stimulation (for example, through advertising) of ever newer and more luxurious needs to consume. These needs in turn guarantee a sufficient market for various multinational corporations, while elsewhere in the world the stage where the most elementary needs can be met has yet to be reached.

Thus the global economic picture exhibits two completely separate chains of events. While in the poor countries this chain consists of “poverty – some prosperity – population growth - poverty”, the chain in the West goes: “prosperity – the stimulation of new wants – greater consumption higher production – new prosperity”. In startling contrast to the stimulated new wants in our countries stand the blatantly unsatisfied needs of the rest of the world. It is clear that these two chains find their root in a western societal structure which gives rise to injustice. This western societal structure will have to be given a different orientation-no longer an exclusively inward preoccupation aimed solely at increasing existing internal prosperity, but an outward orientation aimed at decreasing the poverty of others. You could compare it to what Churchill did in England during the war years. In the same way that he reshaped England’s peacetime economy into a war machine, so we should reshape our economy into a developmentally harnessed economy.

How this goal can be reached is not easy to determine, and more study is required. The following possibilities might serve as suggestions for the time being:

- ❑ Intervention in the want-stimulating process in the western world; reflection on the advertising phenomenon.
- ❑ Seeking out ways to allow developing countries to have a say in how we spend our national income.
- ❑ Introduction of a conscious choice between our prosperity and the poverty of others in all phases of our income, planning and disbursement processes, as well as in all phases of policy formation.
- ❑ Greater tax exemptions for gifts to developing countries: special taxes earmarked for developmental aid.

In contrast to these proposals, compare the U.S. congress’s decision to cut off all foreign aid, perhaps because of a diplomatic defeat in the U.N. over the seating of mainland China. Such an act of blatant disregard for weaker nations is hardly acceptable to those who realize the responsibilities that western countries bear for the gross underdevelopment of many South American, African and Asian countries.

The Corporation in Our Society

In corporate life the distinction between what is and what ought to be can be explored by means of the following two questions: First, is the corporation structured with justice for all of its members? and second, can an enterprise deal justly with others the consumer and other businesses? Keeping in mind what we said earlier, the central problem in both of these questions appears to be whether the present modern corporate structure directly causes injustice, forming a roadblock in the path of the harmonious development of the corporation according to its own distinctive norms.

So it isn’t our purpose to find out how we can subject business enterprise to the “sovereign” will of the state of community. The real question is how government can provide a framework

through its legislation so that the business enterprise will be able to grow and unfold in real, normative freedom -a development that isn't lopsided because of injustice.

The Internal Yardstick-the Corporation as Community

From widely varying viewpoints much has been written about what a business concern ought to be. However, in a Christian social movement there is one recurrent, overarching theme: that the enterprise ought to be a community, or at any rate ought to show some of the characteristics of a community. On this point the Christian social movement in the Netherlands from its very start distinguished itself from the typical socialistic train of thought. The socialists believe that the enterprise can never be a true community because within it there is a fundamental clash between the interests of capital and labour, the exploiter and the exploited. For example, the report of the Wiardi Beckman Foundation, *The Reshaping of the Corporation* (1959), declares that the enterprise does not have, nor ought to have, the character of "Gemeinschaft", but of "Gesellschaft". A business is nothing more than a forced cooperation between individuals who because of their own interests depend on cooperation, but who have nothing more in common.

Hence the restructuring of boards of directors in limited companies has been suggested. The directors appointed by labour and the directors appointed by stockholders will have no other duties except respectively defining the interests of labourers and stockholders in the company. The directors aren't responsible for the development of a company as a whole unit.

Why did the Dutch Christian social movement from its very beginning emphasize the communal character of a business enterprise? Because all those who are involved in the enterprise – employers, employees, stockholders – are more than merely representatives of certain, sometimes sharply opposed interests. They are before all else, living people, who as people are subject to the commandment that they love one another as themselves; and that includes the sphere of industry as well as the rest of life. As people they've all been placed in one societal sphere, and within that sphere the great love commandment must also be made effective in one way or another. The Gospel doesn't come to a halt at the gates of the corporation; it places its evangelical demand for love of neighbor within the various enterprises no matter to which "group" or "class" that neighbor may belong.

The Purpose of Business

That public opinion has largely lost sight of the communal character of a corporation is probably due to contemporary views of the purpose of an enterprise. The purpose of a business is often seen as consisting of and being limited to a striving toward the greatest possible efficiency in the production of goods and services.

Those who hold this view have little argument with the dominant role played by the conflict between labour and capital in business because if business only has an economic goal, then economic interests and conflicts of economic interest must be emphasized. But then the business enterprise is denatured. For the meaning of business isn't exhausted in a striving after the most efficient economic production. As one of the papal encyclicals has rightly pointed out-in industry people as well as products are being formed. In business much of the life of all those who labour is determined, and the foundations for happy or unhappy lives are laid; here a person's vocation is either frustrated or fulfilled. There is more involved in business than the production of goods; a responsibility to give meaning to many human lives is at stake. And at the same time the contribution of business to human society resides in broader economic goals.

Ownership in Industry

Our position isn't just a string of moralizing statements everyone can subscribe to; when this position is taken there are real political consequences. Usually people reduce a company to the place where they work. The only thing that matters there is a businesslike efficiency. Only industrial class interests meet. Because of these attitudes and practices, great misconceptions have crept into the question of "ownership" in industry.

For years the thesis has been defended that those who provide the capital are in fact the legal owners of a business. This thesis is (apart from the process of growing independence of the corporation from the direct control of the stockholders) indeed completely acceptable to all those who view a factory as a place of work containing machines operated by the labour force. But when one rightly understands industry to be a cooperation between correlated, whole people, then it is utterly impossible to see those who furnish the capital as the owners of the business. For that would boil down to a sort of slavery, to a situation in which live people are objects of ownership during certain hours of the day. Those who furnish the capital are not the owners of any business; they are, at most, the owners of the means of production, of the capital invested in the enterprise. The evangelical distinction between what is and what ought to be inescapably confronts us here.

Clearly this point of departure carries with it important political consequences. For if those who provide the capital cannot be the owners of the corporation, that dynamically interrelated societal cooperation, then they also cannot lay claim to a full account of what the enterprise has done with their capital investment. Those who view a business not as a societal structure composed of living people, but as purely an extension of the interests of those who provide capital, do injustice to the real concerns of that business and have in fact adopted a piece of pure capitalism. For the word "capitalism" means that "capital" has been accorded a dominant place in human society.

To put it differently, the enterprise, as a living work community of entrepreneurs and employees, has a right, if necessary, to maintain its own integral development notwithstanding the pressure exerted by those who furnish the capital.

Gerbrandy, the great Dutch pioneer of the Christian social movement in the years before World War II, once correctly expressed this as follows:

The existence of the labour community has consequences just as much as the existence of the national community. From an existing labour community flow worker demands which you might ignore for many years, but which you can never destroy, because they form an essential ingredient of that labour community. It is understandable that an entrepreneur says: This factory is mine. But the workers, through whose labour alone this bit of capital becomes productive, could and should say, even if the expression then has a different meaning; this factory belongs to us. The very sad thing in our situation is this: people sense the danger that the function of the entrepreneur might be attacked in its very marrow, but that they do not see that this has already happened, and that nature is busy reclaiming her rights. (*The Battle for New Social Structures*, p.164).

The External Yardstick – Free Enterprise

The problem of industrial structuration can also be put in more general terms against the background of the service which business has to perform :or society as a whole. Here the thesis could be defended that precisely because the interests of capital often play such a dominant role in present day industry a, business cannot sufficiently fulfill its own

independent service to society. In other words, the present structure of business is open to a structural critique.

This thesis needs further clarification; this can be done most easily by first observing some random examples of high-handed action by industry.

- ❑ High-handed action towards consumers: the tendency of producers to artificially reduce the life expectancy of their product (planned obsolescence) to ensure greater sales in the future; the tendency towards commercial control of cultural expressions (for example, commercial television) and commercial behaviour patterns (via new advertising techniques).
- ❑ High-handed action towards the environment: not taking sufficient precautions against air, sound, water and soil pollution; fire hazard, etc.
- ❑ High-handed action towards employees: the sometimes premature and unnecessary firing of employees during financial difficulties.

Of course these examples aren't given to single out particular businesses; unjust and unethical actions are widespread.

Contemporary entrepreneurs aren't usually bent on exploitation; where the enumerated evils still exist, particular businessmen are often concerned about them. But this individual concern indicates that attacking these evils is not just a question of raising personal standards of conduct. The fault lies deeper; it's hidden in the very structure of today's enterprises. These faulty structures force just about every entrepreneur, no matter how well intentioned he may be personally, to participate in existing patterns of evil in certain respects.

The central problem, once formulated by Goyder, the English Christian entrepreneur, is this: "Do existing corporation rights and existing business laws sufficiently create the conditions business leaders need to balance the interests of stockholders, employers, consumers and members of the local and national community while still pursuing their economic task?"

Of course the answer is no. Present business legislation so heavily accents the relationship of corporate investors that corporations have great difficulty getting around to a just dealing with the interests of their employees and consumers, for example. The scales on which business leadership has to measure all these interests aren't fair, and aren't accurate. A sufficient return on capital investment in a business can sometimes weigh so mercilessly heavy that often employees are fired too quickly, and the interests of consumers are neglected out of hand (if it means higher profits), and there is little responsible precaution against pollution of air, water and soil. In other words, business isn't free enough to adequately provide voluntary service to the rest of us fellow human beings - its neighbors.

Perhaps a quotation from a report published in 1965 by the Telders Foundation is more convincing than a long argument. "In many companies, especially the large diversified ones, continuity of employment opportunity can go hand in hand with the greatest possible earning power. But when the demands of earning capacity and employment opportunity clash at some point, in the interest of the whole society earnings should be decisive." (p.96) In other words, the value of continuing employment is considered of no importance when compared to the demand that invested capital show a return! This is a patent example of how absolutistically profit considerations still control the way many people think and act. The corporation ought to be able to act out of a broad view of "earning power" that includes respect for the just interests of others (employees, consumers, etc.).

That some great public corporations have seen something of this vision, and have expressly formulated this in their charters (that not profit but continuity of employment comes first), is already an important step in the right direction. But these examples are limited to some form of guaranteed annual wage, and usually don't go much beyond insuring the interests of the employees a little better.

Therefore government should contribute to a structural change in industry through its corporate legislation. Here are some concrete avenues which are open:

- ❑ Introduction of legislation enabling employees or their representatives to participate in corporate policy decisions where vital employee interests are at stake.
- ❑ Following Goyder's idea – the granting of a special title (Goyder mentions the term: Public Company) to those enterprises which have shown that they are capable and willing to act responsibly toward employees, consumers, and society at large.
- ❑ Laying down general rules for the composition of corporate boards and industrial directorates so industry can be profitable in the broad sense mentioned above.

In conclusion, neither the false spirit of corporate liberalism nor the equally misguided schemes of the latest socialism can answer to the Gospel of Christ which calls the structuration of economic life into obedience. The Word of God detects, liberates and directs. It enables us to see that what is, isn't always what ought to be.

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