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How can you be a Christian and an economist? The meaning of the Accra Declaration for today

ABSTRACT

The Accra Declaration offers a narrow ideological interpretation of the modern economy and proceeds to reject neoliberalism as the ideological foundation thereof. This article, in its comment on the economy, argues for a less ideological approach to public theology, using a two-step argument. Firstly, neoliberalism is neither a coherent ideology nor a plausible historical narrative. Economists, who are the presumed architects of neoliberalism, do not recognise the propositions attributed to them by either the Accra Declaration or the critical literature on neoliberalism. Secondly, the Accra Declaration’s ideological framework causes it to misrepresent both the nature of modern economies and their objective results. An alternative, less ideological approach would allow the Church to appreciate both the strengths and the many problems of market economies, and would allow it to work with economists in resolving these instead of rejecting the insights of modern economics.

INTRODUCTION

Fifteen years ago, when I was a candidate for a scholarship, one of the panellists asked me “how can you be a Christian and an economist?” That such a question would occur to a thoughtful panellist reveals much about the apparent tension between the world of economics and that of the Church; between the city of the world and the city of God. Reading the Accra Declaration (World Alliance of Reformed Churches, 2004) reminded me of the discomfort I experienced all those years ago when I was suspected of either inconsistency or insincerity as a Christian economist. Economists view modern market economies (with all their faults) as progressive institutions that not only yield improved material welfare, but also support civic liberties and personal virtues, and yet we read in the Accra Declaration that our professional judgement is radically at odds with the interpretation of Reformed Churches. Dirkie Smit is sensitive to this dilemma when he asks whether:

“... the brief narration of economic history [in the Accra Declaration] is the only true and accurate one that all Christian economists would give, so that it forms [an] integral part of the faith that is confessed – and if alternative accounts would be possible, what would the implications be for the logic and truth claims of the whole document?” (Smit, 2009: 179).

The answer is that there are other accounts of the nature of the modern economy and of economic history, accounts that do not gloss over the shortcomings of the modern economy, but...
are sensitive to both what is good and what should be better. By contrast, the Accra Declaration reads the “signs of the times” through narrow ideological lenses, and as a result, the “Confession of Faith” rejects a series of claims about the economy that no one would defend positively. This ideological approach is not promising, as it substitutes a narrow ideology for a critical understanding of modern economies, the kind of understanding that Christians need to make this imperfect world a little less so every year.

READING NEOLIBERAL SIGNS

The first substantive section of the Accra Declaration summarises unwelcome aspects of the modern world: the continued suffering of the poor; high-income inequality; problems of third-world debt; resource-driven wars; pandemic disease; limited access to life-saving drugs and environmental degradation. We are then assured that these developments are “directly related to the development of neoliberal economic globalisation ... an ideology that claims to be without alternative, demanding an endless flow of sacrifices from the poor and creation”, and what is more, neoliberalism “... makes false promises that it can save the world through the creation of wealth and prosperity, claiming sovereignty over life and demanding total allegiance, which amounts to idolatry” (World Alliance of Reformed Churches, 2004: par. 9 and 10).

This neoliberalism has been portrayed as “… the most powerful ideological and political project in global governance to arise in the wake of Keynesianism” (McCarthy and Prudham, 2004: 275), and commentators on the Accra Declaration assure us that “… the neoliberal model of the economy exists in the imagination of (sic) the hearts of the proud, but not in the real world...” (Dommen, 2009: 21).

There are important precedents of the Church rejecting malevolent ideologies, such as the Catholic Church’s rejection of communism in Quadragesimo Anno (1931) and the German Evangelical Church’s rejection of National Socialism at Barmen in 1934. These were actual ideologies, i.e. “… a conceptual scheme with a practical application” (Blackburn, 1994: 185). And as for neoliberalism, it is not at all clear that a coherent ideology by that name exists, and when it appears, it does so almost exclusively on the pages of those who proceed to reject it. This asymmetry has also occurred to Thorson and Lie who found:

“An initial mystery facing anyone who wants to study neoliberal ideology in more detail is that there does not seem to be anyone who has written about neoliberalism from a sympathetic or even neutral point of view” (Thorsen and Lie, 2006: 2).

In both the Concise Oxford Dictionary of Philosophy (Blackburn, 1994) and the more hefty Cambridge Dictionary of Philosophy (Audi, 1995), there are no entries for the word ‘neoliberalism’ between the words ‘Neo-Kantianism’ and ‘Neoplatonism’. The economics encyclopaedias fare no better: neither the massively expanded New Palgrave Dictionary of Economics, nor the Concise Encyclopaedia of Economics has an entry for ‘neoliberalism’. Proponents of neoliberalism, if there are any, have not apparently articulated the ideology coherently enough to be included in these collections. And even the editors of a critical reader on neoliberalism found it “impossible to define neoliberalism purely theoretically” (Saad-Filho and Johnston, 2005)2.

2 The Accra Declaration does provide a list of beliefs upon which neoliberalism is supposedly based (World Alliance of Reformed Churches, 2004: par. 9):

“Unrestrained competition, consumerism and the unlimited economic growth and accumulation of wealth are the best for the whole world;
The ownership of private property has no social obligation;
Capital speculation, liberalisation and deregulation of the market, privatisation of public utilities and national resources, unrestricted access for foreign investments and imports, lower taxes and the
While unable to define neoliberalism in a conceptually coherent manner, the critical literature moved in a different direction to construct a historical narrative that serves to demonstrate the nature and influence of neoliberalism. The essay on neoliberalism in the Blackwell Encyclopaedia of Sociology (Gamble, 2007) provides such a narrative; drawing heavily on Harvey’s (2005) A brief history of neoliberalism.

In this narrative, neoliberalism emerges as a countermovement to the social-democratic world order established after the Second World War. Central figures in this movement – F.A. Hayek, Milton Friedman, Ludwig von Mises, Karl Popper and others – gathered at Mont Pelerin in Switzerland in 1947 to discuss the political and intellectual climate of the day and the threats, as they then saw them, to liberal societies. The attendants named a society after this first meeting and the Mont Pelerin Society have held regular meetings ever since, remaining committed to their original and sole objective, i.e. “... to facilitate an exchange of ideas between like-minded scholars in the hope of strengthening the principles and practice of a free society, and to study the workings, virtues and defects of market-oriented economic systems” (www.montpelerin.org/mpsAbout.cfm).

Harvey (2005) sees the “long march” of neoliberalism stretching from Mont Pelerin via think-tanks such as the Institute for Economic Affairs in London and the Heritage Foundation in Washington, and the books of Friedman (especially 1962 [2002]) and Hayek (especially 1960), and Nozick’s (1974) later Anarchy, State and Utopia to political power with the coup of General Pinochet, the ascension of Deng Xiaoping in China and the election victories of Margaret Thatcher and Ronald Reagan. During the nineties, the World Bank and the International Monetary Fund (IMF) would seal the neoliberal capture of states, so the story goes, so that “those who followed, like Clinton and Blair, could do little more than continue the good work of neoliberalisation, whether they liked it or not” (Harvey, 2005: 63).

In addition to the forced genealogy of neoliberalism, it is undoubtedly odd that there are no proponents for such an influential ideology, and even those authors who have been labelled as neoliberal by the critical literature reject the label (Gamble, 2007) and prefer ‘liberal’ or ‘classical liberal’, or in some cases, ‘libertarian’. By contrast, one has no trouble in identifying the proponents of Marxism or (in the 1930s) National Socialism. It is even more peculiar to realise just how diverse the views of the so-called neoliberals are with respect to the appropriate balance between state and market (Jackson, 2010).

This elaborate conspiracy – barely convincing even to those who claim to have uncovered unrestricted movement of capital will achieve wealth for all;
Social obligations, protection of the poor and the weak, trade unions, and relationships between people are subordinate to the processes of economic growth and capital accumulation”.

Commenting on the Declaration, Park adds the following assumption to his understanding of neoliberalism: “... the assumption that the market, built on private property, unrestrained competition and the centrality of contracts is the absolute law governing human life, society and the natural environment” (Park, 2005: 193), to which Krüger added that “neoliberalism ... comes into collision with biblical monotheism, biblical anthropology, the biblical doctrine of salvation and other principal essential contents of the Christian faith, and so can only be rejected. To think of cosmetic and moral repairs to the system as such – or of making adjustments to it – is also completely pointless ...” (Krüger, 2005: 232).

Gamble (2007: 3176) identifies a neoliberal perspective on public policy according to which, “It is axiomatic in neoliberalism that government solutions are inferior to market solutions because they are less efficient in economic terms and they harm individual liberty. The solution to every public policy problem is to take responsibility away from government and allow markets to function freely”.

This list (which can be extended), however, brings us no nearer to a coherent description of neoliberalism as an ideology, and none of these authors cite any proponents of the ideology.
— weaves champions of democracy such as Karl Popper and Milton Friedman together with autocrats like Deng Xiaoping and republicans such as Reagan in a seamless cloth that “is the defining political paradigm of our time ... whereby a handful of private interests are permitted to control as much as possible of social life in order to maximise their personal profit” (McChesney, 1999: 40).

The paradox whereby some of the most consistent defenders of liberal democracies in the twentieth century are grouped with despots like Deng shows the intellectual overreach of this critical literature. In defence of the conspiracy, the critical literature contrives a sharp distinction between political freedoms in a democracy and economic freedoms, to conclude “neoliberals prefer authoritarian regimes that respect basic economic freedoms to democratic regimes that do not” (Gamble, 2007). That this association of despotism with Friedman, Hayek or Popper on the intellectual side or Thatcher and Reagan in politics is untenable is clear from any serious reading of *Capitalism and Freedom* (Friedman, 1962 [2002]), *The Constitution of Liberty* (Hayek, 1960), *The Open Society and its Enemies* (Popper, 1966a; Popper, 1966b) or the political history of the late twentieth century.

The intellectual problems of herding together prominent liberal authors of the twentieth century in a neoliberal conspiracy are compounded by the history of the term ‘neoliberalism’. Prior to its emergence in the critical literature, during the early eighties (Ver Eecke, 1982), the term was used in Germany to describe the ideas of the first two post-War German chancellors to “combine a market economy with liberal democracy and some elements of ‘Catholic social teaching’” (Thorsen and Lie, 2006: 10). In their conception of the state’s role, these neoliberals were a world away from the modern critical usage of that term; indeed they were enthusiastic supporters of an extended welfare state and a broad conception of the social responsibility of corporations. It is ironic that the last group to identify itself as neoliberal was sympathetic to the Christian social teaching of its time, while neoliberalism is the ideological error rejected by the Accra Declaration.

The ideological approach taken by the Accra Declaration, therefore, runs into three problems: firstly, the objection is not against a rejection of a truth in the gospel, but a theory in the social sciences that is then connected to truths in the gospel via an ideological argument in the social sciences (Smit, 2009). This is a very different kind of claim for the Church to make; instead of commenting directly on the gospel, its use of the gospel is qualified by the veracity of its social science. The second problem with the ideological content of the Accra Declaration is that the suspect ideology exists mainly (or even exclusively) in the minds of its opponents. Finally, by adopting a strong ideological approach in its public theology, the Accra Declaration precludes participation in the piecemeal policy debate, which is most consistent with a modest assessment of what economists know about the economy.

To demonstrate the alternative reading of the signs mentioned in the Accra Declaration, the following two sections discuss two of these signs; they are:

In a market economy, “the purpose of the economy is to increase profits and returns for the owners of production and financial capital while excluding the majority of the people and treating nature as a commodity” (par. 13).

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3 Harvey (2005: 36) admits that the “[neoliberals] do not necessarily conspire as a class” but argues that “... they nevertheless possess a certain accordance of interests ... they exercise immense influence over global affairs”. Any conspiracy, including this apparently unconscious one, is a profoundly implausible theory in the social sciences, especially when the scale of the conspiracy reaches the extent claimed for neoliberalism. The implausibility can be shown by two objections: firstly, it vastly overrates the ability of individuals or groups to control complex societies, and secondly, it is empirically empty, because consistent with any and all observations (Popper, 1961; Popper, 1966b; Popper, 1992 [1949]; Popper, 2000 [1959]).
The distribution of income internationally is “scandalous”, and wealth accumulation occurs “at the expense of the poor” (par. 7 and 12).

THE ‘PURPOSE’ OF A MARKET ECONOMY

A market (or decentralised) economy works by allowing people to specialise on their own initiative and then to provide for the remainder of their needs through exchange; in other words, through co-operating. It is one of the great discoveries of modern economics that the tremendous rise in income experienced since the industrial revolution cannot be attributed to using more land, a more intensive exploitation of workers, or even to a rapid accumulation of capital. Economists have tested these rival hypotheses and the data supports the argument that the bulk of long-run growth (in per-person terms) since the industrial revolution can be attributed to working smarter (that is, working more productively), not harder or with more inputs (Easterly and Levine, 2001).

We work more productively when we specialise and when we have been trained – not just to do a given task, but when we learn to learn, and use technological inventions to improve the productivity of our labour (Landes, 1998; Mokyr, 2002; Landes, 2003). But this is not easy; to work smarter we have to co-operate. In different economic systems – capitalism, socialism, a traditional society, etc. – co-operation is achieved through different sets of incentives (carrots and sticks) and they differ considerably in the degree of complexity they are able to sustain. Markets offer one solution to this problem of co-operation, or to put it differently, we call it a market when we co-operate in a non-coercive, decentralised manner. The crucial aspects of a market are: (i) that it is a form of co-operation that can occur between people with no necessary association (i.e. it can be impersonal); (ii) the co-operation is voluntary; and (iii) the co-operation is decentralised.

This kind of co-operation requires, at least, secure property and contract rights, a lot of information, and critically, bourgeois values that overlap considerably with Christian values (McCloskey, 2006). Understanding the role of values in market co-operation may be particularly important in the discussion of a document such as the Accra Declaration, which regards the modern economy as an “immoral economic system” (par. 11).

But this is a serious misrepresentation of market co-operation. “The primary consequence of people’s participation in the market system”, wrote Paul Heyne, “is a continuous expansion of co-operative endeavour, mutual accommodation and valued goods” (Heyne, 2008: 38). While it is possible for people to be motivated by selfishness in this collaborative effort, there is no reason to expect them to be selfish. Indeed, one would expect the whole gamut of human motivation to be relevant in market co-operation. And what is more, economists have established, in carefully constructed experiments and from studying markets in action, anti-social behaviour (whether motivated by greed or selfishness or any other vice) is effectively discouraged through social sanction and/or reciprocity in market settings, whether in small groups or in extended markets with impersonal exchange (Smith, 2008).

Economists do not now, nor did they in the past, solve the problem of market co-operation by assuming ‘perfect’ knowledge for individuals in a static system. Rather, the emphasis in the main line of economic thought since the eighteenth century has been on people’s epistemological limitations. For Hayek (1945 [1984a]), this modest view of human capacity, or what he calls the “constitutional limitations of man’s knowledge and interests, the fact that he cannot know more

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4 In an argument built around the three sacred virtues (faith, hope and charity) and the four natural virtues (temperance, prudence, justice and courage), McCloskey (2006) has shown that decentralised or market co-operation not only requires virtues, but strengthens those virtues.
than a tiny part of the whole society and that therefore all that can enter into his motives are the immediate effects which his actions will have in the sphere he knows”, is the central problem in economics.

Co-operation between people in such an order leads a person or group, in Adam Smith’s famous argument, “by an invisible hand to promote an end which was no part of his intention. By pursuing his own interest, he frequently promotes that of society’s more effectually than when he really intends to promote it” (Smith, 1776 [1981]: 456). This “invisible hand”, which is so maligned in this literature, e.g. Terreblanche (2009), is a metaphor for the co-ordinating mechanism of a market, and it refers to the feedback mechanism, often prices, but quantities too, that signal to the participants whether their decisions and expectations are consistent with the decisions and expectations of others5 (Barry, 1982). And these signals are usually generated under the pressure of competition, where competition is the rivalrous process of “decentralised planning by separate persons” (Hayek, 1945 [1984]:79).

Some of the critical features of the market order described here are the centrality of individual decision-makers who act on local information and the far-reaching impact of local decisions; a modest view of the capacity of any specific decision-maker, including businessmen and women, politicians and bureaucrats; and feedback to these decision-makers about their decisions and plans through a highly non-linear process of competition in which the price system plays a central role – a process that disseminates information and co-ordinates the activities of the many participating decision-makers, creating a social order as a result of purposeful action by the participants, even though that order was not their intention.

Basil Moore has recently described systems that show these characteristics as complex adaptive systems (Moore, 2006), and there is now an expanding literature in economics, which applies the insights from complexity theory to social settings (Hayek, 1974 [1989]; Rosser, 1999). An important insight of this literature is that the social order, including all the transactions in a market, is an emergent property, the features of which cannot be known in advance, or as Hayek famously observed: “... the curious task of economics is to demonstrate to men how little they really know about what they imagine they can design” (Hayek, 1988).

This does not mean that there is no role for government policy, or merely a minimalist role; the efficiency of the institutional framework might be greatly affected by government, either as a direct market participant (say a producer of public goods) or as a regulator of certain markets. What it argues against is a fixed notion of what both government and private initiative should do: the latest Nobel Laureate in Economics, Elinor Ostrom, has spent a career showing how policies that work well in one set of circumstances can be disastrously counterproductive in other circumstances (see, for example, Ostrom, 2000). Modern economics teaches that the division between the appropriate roles for markets and the state is highly fluid and context-bound, and suggests that fixed ideological positions are likely to be wrong in any particular application.

But if this market economy is truly a complex adaptive system, then it is meaningless to ask, as the Accra Declaration does, about the “purpose of the economy” (par. 12). Saying that the economy has no purpose does not deny that we, either individually or in groups, can pursue goals. “People have purposes...” as Deirdre McCloskey (2006: 24) has written. “A capitalist economy gives them scope to try them out.” And these goals have been pursued with remarkable success.

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5 This feedback mechanism, the invisible hand, is crucial to understanding the remarkable efficiency of market co-operation. Profit is a part of this feedback mechanism and a crucial indicator of the success or failure of firms and their projects. Profits are not, therefore, the goal of a market economy; rather they are part of the feedback mechanism of market co-operation. From this perspective, “profit maximising... is a procedure for behaving economically, for being a good steward” as Paul Heyne observed, and he continued “... the Greek word for ‘steward’, used in the New Testament, is in fact ‘oikonomos’” (Heyne, 2008:400).
since the modern economy has proven to be responsive to the needs of all members of society. It is a highly progressive system and the just-more-than 200 years of its existence has seen the greatest material advance in the history of humankind, the greatest improvement in health and in the broad participation of all members of society in these advances. And these sustained gains are more impressive still when contrasted with the highly episodic character of growth and the pervasive material stagnation prior to the industrial revolution (Diamond, 1997; Landes, 1998; Maddison, 2002).

WHAT IS HAPPENING TO POVERTY AND INEQUALITY INTERNATIONALLY?

The description given above of a “highly progressive” system contrasts sharply with the Accra Declaration’s depiction of the modern economy where “... the number of people living in absolute poverty on less than US $1 per day continues to increase ... [in a] system of wealth accumulation at the expense of the poor” (par. 7 and 14). While I argued above that the Declaration misrepresents the nature of a modern economy, I will argue here that it also misrepresents its outcome.

Starting with the distribution of income at the level of countries, one observes that the richest countries, such as the USA, have maintained steady growth and their average incomes have risen, while some of the poorest countries in the world, for example Somalia, have stagnated and their average incomes have fallen further behind those of the richest countries. Economists call this the “great divergence” and it refers to the increasingly skew distribution of income across countries (Pritchett, 1997).

But this is not the end of the story about international inequality: taking the world’s population as a whole (by factoring in the differences in population size between countries), the poor have been catching up with the rich. The reason for this is that most of the poor live in East- and Southern Asian countries that are growing faster than the world average. There are roughly 3 billion people in the group of globalising developing countries that over the last 30 years have been catching up with the approximately 1 billion people in the developed world. In other words, the world’s income distribution has turned the corner; for the first time it is becoming more equal (Sala-i-Martin, 2002).

What has happened to world poverty in this process? In 1981, the proportion of the world’s population living below the poverty line of US $1 per day mentioned in the Accra Declaration was just over 40%. By the year 2004, this incidence of poverty had declined to 18% after adjusting for inflation (Chen and Ravallion, 2007). This extraordinary decline over a relatively short period of time, a period during which the world population itself expanded, means that not just the proportion, but the total number of poor people have declined from around 1.2 billion to around 900 million6. Of course, this progress has been uneven geographically: in China, for example, over the same period, 500 million people have emerged from the deepest poverty, while the poor populations of sub-Saharan Africa expanded by 120 million people (Chen and Ravallion, 2007). The data, then, does not confirm the Accra Declaration’s strong claims about poverty (as discussed here) or the other outcomes of market economies as discussed in the modern economic literature.

CONCLUSION

In this article, I have argued that the energy directed at the so-called neoliberal ideology in the Accra Declaration is misdirected. Market economies do not function as described in the Accra

6 The construction of these numbers is subject to large errors (Deaton, 2003), but the trend is not in doubt (Deaton, 2002).
Declaration and do not conflict in any fundamental way with the perspectives of Christian ethics. Far from being destructive to life and morals, market co-operation has been tremendously progressive, leading to substantial gains in the global fight against poverty. Yet the progress is uneven and blighted with many problems, not the least of which are the tremendous ecological problems we are already facing, which will likely become worse before (and if) they get better.

Finally, the recognition of problems in a dynamic and progressive system is not a case for abandoning the system; it does argue against complacency and for continuous experimentation. I have deliberately contrasted the view of modern economics with the perspective of the Accra Declaration to demonstrate that we should not be so easily satisfied by narrow ideological accounts of systems as complex as the economy. My intention, however, was not to discourage wider debate on these questions; on the contrary, abandoning a narrow ideological approach opens space for listening, real debate and persuasion.

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**KEY WORDS**

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