

WÖZ

# Wealth and Poverty

as a Challenge for the Church



A German contribution to the APRODEV-Project  
"Christianity, Poverty and Wealth in the 21st Century"

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A German contribution to the APRODEV-Project  
“Christianity, Poverty and Wealth in the 21<sup>st</sup> Century”

Heidelberg, October 2003

*Summaries of a study*  
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*on behalf of*  
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in Hessen und Nassau  
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Zentrum Ökumene der Evangelischen Kirche in Hessen und Nassau  
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Translation: Stephanie Till, Werkstatt Ökonomie  
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## Foreword

### Wealth and Poverty as a Challenge for the Church

“Wealth must become a political issue, not just poverty”. This is one of the demands included in a joint statement entitled *For a Future Founded on Solidarity and Justice* issued in 1997 by the Council of the Evangelical Church in Germany and the German Bishops’ Conference on the economic and social situation in Germany.

Encouraged by this statement from church leaders the Gossner Mission – Urban Industrial Mission (Mainz) – proposed a study project about wealth and poverty in Germany in September 2000. This project is also designed to continue the work of another ecumenical initiative: the World Council of Churches and its ecumenical partners in the Association of World Council of Churches related Development Organisations in Europe (APRODEV) initiated a global consultation process entitled *Christianity, Poverty and Wealth in the 21st Century* in order to gain a better understanding of how churches, agencies and ecumenical organisations could better respond to poverty in the 21st century.

The Gossner Mission managed to secure support from the Protestant Church in Hessen and Nassau<sup>1</sup>, its Centre for Ecumenical Work<sup>2</sup>, and also from Social Service Agency of the Protestant Church in Hessen and Nassau<sup>3</sup>. The project is co-ordinated by Werkstatt Ökonomie in Heidelberg.

And so the study project “Wealth and Poverty as a Challenge for the Church” was born. Honouring the demand of German Church leaders to focus more on wealth, the aim of the project is to animate the church’s debate on wealth in the face of poverty in and for Germany, to make it practical and politically relevant and to make its mark ecumenically. Furthermore, it contributes to the German church’s extensive consultation process on social and economic problems. This study project is also designed as a consultation process with

open results – the provisional outcome was discussed by church workers, academics and trade unions at two workshop-conferences in October 2001 and April 2002.

The following presents a summary of the book “Wealth and Poverty as a Challenge for the Church” (October 2002). Like the book, this summary is divided into two main parts: the first part written by Klaus Heide<sup>4</sup> (a summary of the chapters he wrote with Tobias Jakobi) looks at wealth and poverty in Germany and presents its problem from an ecumenical perspective. This part looks into the economic, political and ideological causes of unequal wealth distribution and social stratification in Germany and includes a plea for social justice to be the foundation for shaping a sustainable society.

The second part by Thomas Posern<sup>5</sup> summarises part two of the book “Wealth and Poverty as a Challenge for the Church” which looks at wealth and poverty from a theological perspective and is based on his speech at a consultation meeting which took place in February 2003.

Using the title “The Promise and Curse of Wealth” Old Testament expert Professor Frank Crüsemann<sup>6</sup> presents a chapter on biblical theology. Heidelberg parish priest Dr. Vincenzo Petracca investigates the notion of the possession of wealth as presented in Luke’s Gospel. Dr. Uwe Gerber<sup>7</sup> issues a theological statement on wealth in the face of widespread poverty. Ethics specialist Dr. Franz Segbers<sup>8</sup> confronts God and Mammon in his contribution “The Promise of Boundless Multiplication of Wealth”. Pastor Jürgen Reichel from the Church Development Service looks at the results of the Aprovev Project. Fr. Dr Karl-Heinz Dejung<sup>9</sup> puts the idea of a regular wealth and poverty report into concrete terms.

The ten central elements for a church agenda aim to compliment the existing work of churches when dealing with wealth and poverty. Also included in this pamphlet are “2015 Millennium Goals” for Churches which are taken from the book “Christianity, Poverty and Wealth” (which documents the findings of the APRODEV global consultation process). These “2015 Millennium Goals” are designed to compliment the UN Development Goals to halve poverty by 2015.

*Klaus Heide/Stephanie Till*

## Part I

# Wealth and Poverty in Germany An indication of problems from an ecumenical perspective

*Klaus Heidel*

### I. Social justice as a guiding principle

**Thesis 1: The guiding principle of social justice is a fundamental prerequisite for shaping a sustainable society, a principle upon which all policy should be based.**

According to a joint statement on the social and economic situation in Germany by the Council of the Evangelical Church in Germany and the German Bishops' Conference, a sustainable society cannot be achieved without a basic ethical consensus. Society appears to be losing sight of this and is urged to "rediscover the basic ethical consensus under different social circumstances". Only such a consensus will allow citizens to agree on the most important aspects of a sustainable society and reveal ways of coping with pressing economic and social problems.

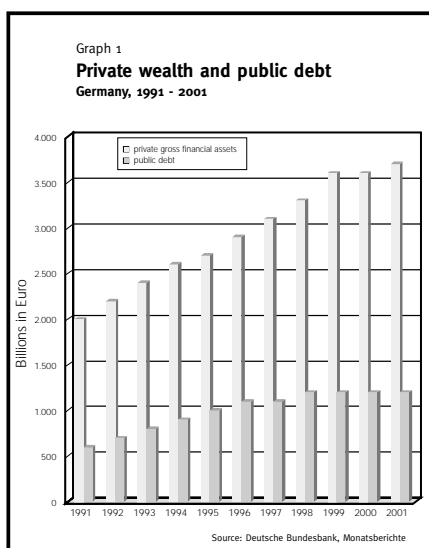
"Individual selfishness" and the tendency of groups in society to put their own interests before public welfare are a threat to "solidarity and justice" which no longer enjoy "unmitigated respect". One cause of this development – if one reads through the lines – could be the economisation of society as a whole: "economic thought has a tendency to limit human life to an economic dimension thereby neglecting the social and cultural relationships in human life". The statement also says that society should not, however, be ruled by an unregulated market, rather, economic market structures need to be embedded in a culture of solidarity and justice. It is a cultural task to redefine self-interest – a deciding structural element of the market economy – as a concept acceptable for public welfare, according to the statement. Not to do so could lead to self-interest turning into destructive selfishness.

According to church leaders therefore, solidarity and justice should be recognized by all as guiding principles for a sustainable society, and legitimate self-interest should be structured for public welfare. Social justice is of great importance for achieving a sustainable society but could be under threat if social

polarisation were to lead to social collapse. Through research into social polarisation the comparison of wealth and poverty then becomes central in socio-political discourse, despite the fact that the majority of the German population is neither poor nor excessively rich.

## II. Increasing wealth, unevenly distributed

**Thesis 2: The current debate surrounding the economic and social situation in Germany gives the impression Germany has fallen into deep poverty. But Germany is, of course, one of the world's richest countries.**



With a GDP of 2.098 billion US Dollars (2001 Purchasing Power Parities) Germany is in third place after USA and Japan, calculated per capita Germany is still in thirteenth place.

In this rich country private households are becoming richer and richer. Net wealth grew by almost 40% between 1992 and 1999 to 17,3 billion DM (8,8 billion Euro). Financial assets increased even more than material assets: from 2.000 billion Euro in 1991 to 3.700 billion Euro in 2001 (+85%) (cf. graph 1).

These considerable increases in fortune are reflected in the increase in unearned income of private households. Their income from business activity and from assets in 2000 was more than 12 times that of the corresponding income for joint stock companies. In Germany wealth is above all private wealth.

**Thesis 3: In Germany wealth, in particular financial wealth, is extremely unevenly distributed.**

This is even demonstrated by the sample survey of income and expenditure<sup>10</sup> itself which is known to seriously underestimate wealth thereby concealing the true extent of the concentration of wealth. According to this survey, 42% of private net assets in 1998 was owned by the richest 10% of West German hou-

seholds (cf. graph 2). Unofficial estimates show that this extremely uneven distribution may in actual fact be much greater: according to one private bank in 2001 just under 0.5% of the population owned a good quarter of the private household wealth.

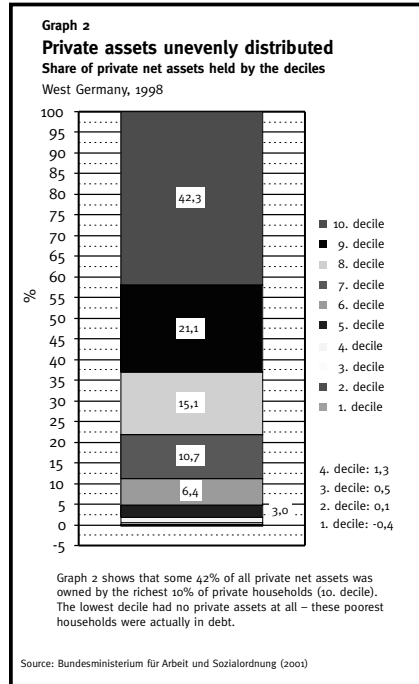
This concentration of wealth will probably increase as opposed to decrease – not least because of extremely uneven distribution of unearned income, as this and savings are even more unevenly distributed than income and wealth: according to the sample survey of income and expenditure, in 1998 67% of savings belonged to a fifth of highest earning households.

At the bottom end of the (wealth distribution) scale there are many households in debt: in 1998 the bottom 10% of West German households grouped according to wealth did not actually own anything, rather they owed everything. And in the whole of the Federal Republic just under 2,8 million households were in debt – a third of those had debts totalling 50.000 DM (25.565 Euro).

The East-West divide in wealth distribution is of course considerable and can only be turned around slowly. In the new federal states themselves the concentration of wealth seems to be greater than in the old ones (former West Germany).



The insight into the unequal distribution of wealth in Germany does not yet, however, substantiate a debate in distribution policy. High concentration of wealth becomes a socio-political challenge only when lack of income and uneven distribution of wealth affect the life-situations of many people. Do we then have a situation in Germany where there are not only rich and less rich living in a society which can be considered affluent, but one where extreme luxury on the one hand and continuing social crises on the other hand can be found – widespread poverty therefore despite wealth?



This apparently simple question is not an easy one to answer. Firstly, one is faced with the difficulty of having to define wealth and poverty. Secondly, methods and models by which wealth and poverty can be statistically recorded must be determined. This search for definitions, methods and models to give an appropriate picture of social reality is made difficult because the search itself form part of the socio-political debate and is often instrumentalized in order to push through political interests. Discussions on the actual meanings and definitions of wealth and poverty never take place.

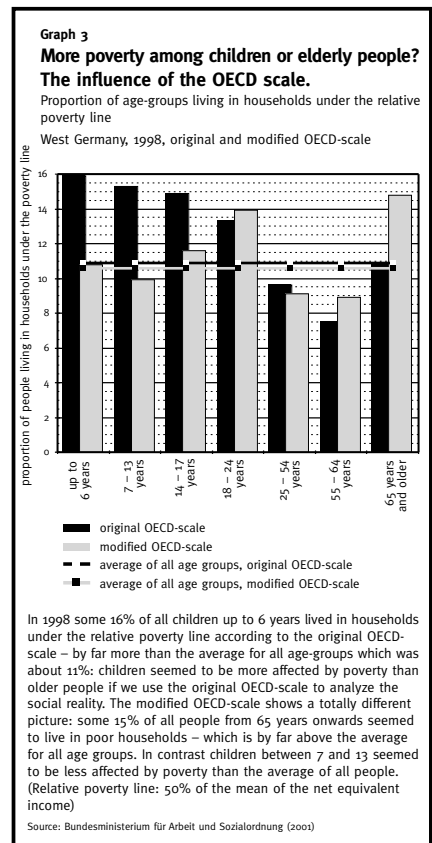
### III. How society can overcome the problem with definitions and methods

**Thesis 4: Social policy relies upon a precise a reflection of social developments and structures. Obtaining a picture of social reality, however, is impeded by basic problems of definition and method.**

Wealth and poverty are not objectively and clearly defined concepts: free from value judgments it can not be determined what is conceived as wealth and poverty in a given socio-economic context.

For this reason a freer concept of poverty prevails – which, while reflecting the multi-faceted and multi-dimensional aspect of poverty, does not solve the problem of definitions. No consensus exists on what is to be understood by wealth. The way in which one differentiates between wealth and prosperity, therefore, is also open.

An empirical recording of wealth and poverty is limited due to inadequate data. In addition, the choice of methods and models used considerably influences the respective picture of reality. For instance, different households appear poor or not poor according to the equivalent scale used. Equivalence scales have been





devised to enable analysis of the relative wellbeing of households of different size and composition whereby points are allocated to each person in a household. One customary scale used by the OECD is the “original” scale, taking the first adult in the household as having a weight of 1 point, each additional person who is 15 years or older is allocated 0.7 points, and each child under the age of 15 is allocated 0.5 points. The equivalence scale is then calculated by dividing the household income by the sum of weights of the household. Another scale often used by the OECD is the “modified” scale where a person who 15 years or older is allocated 0.5 points and each child under the age of 15 is allocated 0.3 points. The use of the modified scale increases the equivalent income of families with children and so older age-groups then appear to be poor; in contrast, the use of the original scale where the equivalent income of families with children is lower presents the opposite result as according to this scale more families with young children appear to be poor (cf. graph 3). One can see then the difficulty in achieving a reliable picture of poverty which reflects reality.

**Thesis 5: The choice of criteria used in defining wealth and poverty as well as the choice of methods is determined by normative decisions and has many socio-political consequences. The necessary discussion about methods invariably becomes a discussion about values within society and must be conducted with people who are socially excluded as well as with civil society.**

First of all it is necessary to connect the analysis of income and wealth distribution and the choice of the statistical methods used with as wide an empirical analysis as possible of the different aspects of social situations in order to verify the empirical content of statistical model assumption.

Secondly, the self-assessment of individuals considered to be “objectively” poor is of central importance for depicting poverty and should be given more priority. This could build on research attempts which look into “subjective poverty”.

Thirdly, in light of methodical difficulties civil society must be involved in defining concepts of wealth and poverty and this must be updated from time to time. Free of value judgment it is not possible to determine what is understood by wealth and poverty in a concrete social and economic context. The discussion about values within society must be conducted politically and above all with the full inclusion and participation of civil society and cannot be determined by social science alone.

Fourthly, only by including people who are social excluded can society determine what exactly is meant by deprivation, social exclusion and poverty. It is not enough to ask the poor for a self-assessment, rather they must take part in

the socio-political discourse as independent holders of rights (including economic, social and cultural rights) and be involved in the decision making process. People who are socially excluded are after all, subject of the societal analysis and not just objects of socio-political interest.

Fifth, it should be taken into consideration that in the long-run the socio-political requirements will not be met if different methodical approaches and statistical models lead to contradictory images of social reality, as that would render impossible attempts to devise any coherent social policy. For this reason it is essential that at least a temporary minimum agreement be reached on definitions and methods.

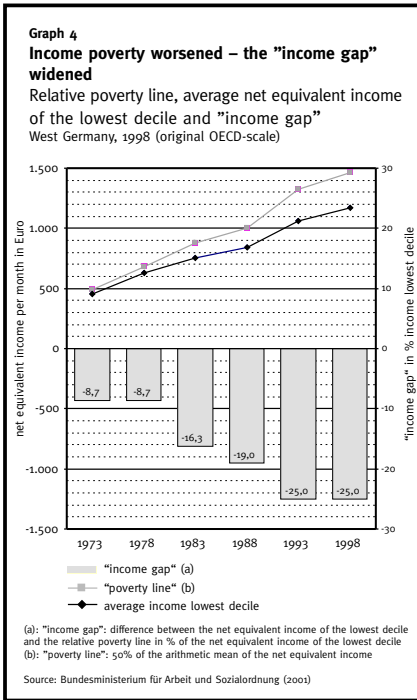
#### IV. On the fringes of social stratification in Germany

**Thesis 6: The 80's and early 90's in particular saw the polarisation of income distribution in Germany. The upper and lower levels drifted further and further apart. Rich households got richer and poor households got poorer while the number of households living in relative poverty grew. In addition, the same period also saw a decrease in income mobility at the edges of income distribution.**

Firstly, not only assets but also income is unevenly distributed in Germany, the concentration is however lower. Between 1973 and 1998 the income of the richest tenth households increased slightly from 21.5% to 22.2%. At the lower end of the income distribution scale the first and second tenths suffered a loss. In total the uneven distribution is obvious, especially when it is taken into account that high income is clearly under recorded. Although it seems to have increased only slightly between 1973 and 1998.

For 70% of households the development of income wasn't dramatic either: on the one hand, however, the households with the most income extended the dominating role further and improved their relative position. On the other hand, development for those households with the least income was dramatic: the 10% at the bottom of the scale lost 13% of their share of income within 25 years. The second tenth suffered a 6.8% loss. 20% of West German households moved further away from the average income level. As a result the gap between those at the higher and lower end of the scale widened: the 80s and early 90s witnessed an disproportional growth in high income, the uneven distribution of wealth became more acute.

Secondly, this occurred at the same time as income poverty worsened: in West Germany the average net equivalent income of households in the lowest decile fell further and further under the relative poverty line between 1973 and



1998 – the “income gap” widened. In 1973 households in the lowest decile needed an 8.7% improvement in income in order to reach the relative poverty line. By 1998 this percentage had jumped to 25% (cf. graph 4). On average, poverty therefore increased considerably for those in the low-wage earning bracket. It was also during the 80s and early 90s that the income situation of the poor worsened. The rich became richer and the poor became poorer.

Third, at the same time the number of people living in poor households increased: the share of the population living in extreme poverty<sup>11</sup> more than doubled between 1978 and 1998 – an increase of 3.1% to 6.6%. In the 2nd lowest bracket – made up of households in relative poverty<sup>12</sup> – this increased from 3.4% to 4.3%. In 1998 almost

11% of the West German population – over 7 million people – lived in households with an income under the relative poverty line, 67.7% more than in the seventies. In the new German states at least 675,000 people were classified as poor.

The mobility of income decreased. The possibility of maintaining a wealthy position increased. Access to high income positions became more and more difficult and the danger of sliding into poverty grew. Climbing out of relative poverty becomes more and more unlikely.

These observations are meaningful in a socio-political context as they suggest that polarisation of distribution becomes permanent. The rich stay rich and the poor stay poor.

**Thesis 7: In order to be able to portray social stratification we need to typologise wealth and poverty. Such typologies are prerequisites for developing a sustainable social policy.**

These typologies must do justice to the multi-dimensionality and diversity of wealth and poverty.

To portray the multi-dimensionality of wealth and poverty, it is, for example, important to ask how the distribution of income reflects the different access to political, economic, social and cultural rights. Which forms of poverty lead to which forms of social exclusion? Which forms of wealth open the door to social, economic and political options? It is imperative that in doing so one must attempt to take into account the diversity of poverty and wealth, its forms and expressions in order to determine what these forms and expressions have in common and how they differ from each other.

**Thesis 8: A new conceptualization of wealth and poverty is needed, one which must be able to ask how far the multi-dimensionality and the diversity of wealth and poverty are formed by the political, social and economic dimensions of market-dominated socialization. Such a conceptualization must also highlight the (causal) connections between wealth and poverty.**

Poverty is mostly (but not exclusively) a complex and multi-dimensional mixture of insufficient access to public goods and basic social services due to market deficits. The concept of “social exclusion” requires us to see poverty as a result of social and economic structures and processes. It is misleading to individualise poverty and to isolate the single dimensions, on the contrary it is important to show how these single dimensions are inter-connected and how they are formed by the socio-economic context.

On the other hand it is important to investigate how forms of wealth come about and whether or not its formation is connected to the increase and intensification of poverty and to what extent the increase in excessive wealth is a function of specific forms of market socialization.

Typologisation and conceptualization of wealth and poverty is a prerequisite for the de-ideologisation of the biased socio-political debate. Investigating the causes of social polarisation is a matter of priority here.

## V. An economic cause

**Thesis 9: The crisis of market-dominated socialisation is both cause and consequence of the structural change in the labour market and serves to highlight the economic cause of social polarisation in Germany. This is characterised by five elements: 1. Increase in low wages in standard contracts of employment. 2. Phasing out of standard contracts of employment in favour of other forms of employment. 3. Polarisation of continued mass unemployment. 4. Increase in the share of long-term unemployed. 5. Intensification and fixation of regional polarisation.**

Firstly, the polarisation of income distribution<sup>13</sup> and the accompanying increase in poverty are due to developments in the market and market structures, under which market income is becoming increasingly unevenly distributed at the cost of low-wage earners. We can show that primary income distribution<sup>14</sup> is considerably more unequal than secondary income distribution – under which taxes and public transfers reduce the inequality caused by the market.

Had it not been for the social transfers of the German government, 31% of the West German population would have been living in relatively poor households in 1998. This is because these households had at their disposal a market equivalent income 50% below the arithmetic mean. Half a century earlier just over 21% of the population lived in households with a market-determined wage below this poverty line.

This is partly due to the simultaneous increase in low wages and polarisation of full-timers' income: while the number of low and high wage earners increased, the middle income group all but disappeared. As a result, the number of "working poor" increased.

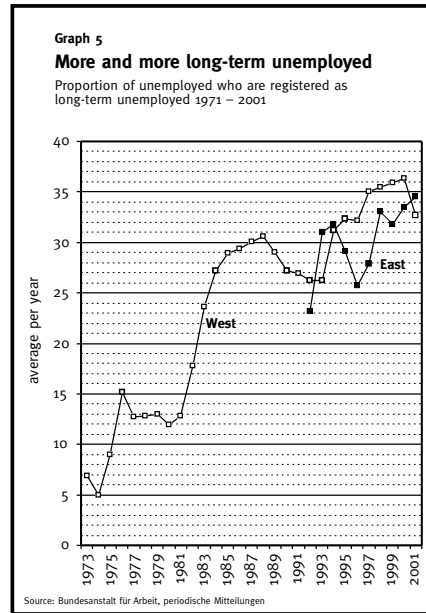
Secondly, standard contracts of employment are increasingly being replaced by other types of employment contracts which offer less protection from the slide into poverty. Since 1992 not only has the number of full-timers decreased while the number of part-timers has increased, but also the average annual working hours of part-timers has fallen.

This development can partly be attributed to the increase in marginal employment: in the former West Germany the number of individuals taking on marginal employment increased from 2.3 million in 1987 to 3.7 million in 1997 (+ 57.9%) amounting to over half of all part-time employment!

Fourth, continuing mass unemployment intensified the polarisation of primary income distribution: in West Germany in 1973 only 1.2% of people with the capacity to work were unemployed. This percentage increased steadily reaching 11% in 1997.

The continuing increase in the proportion of the unemployed registered as long-term unemployed is significant. The number rose from 6.9% in 1973 to 36.6% in 2000 (former West Germany). In 2001 there were, on average, 810,300 registered as long-term unemployed. In the new eastern states the proportion of long-term unemployed increased from 32.2% in 1992 to 34.5% in 2001 (this corresponds to a yearly average of 474,400 long-term unemployed). These official statistics do not show the full picture: according to the definition of the Institute for Job-Market and Career Research<sup>15</sup> approximately 60% of all those registered unemployed were rated as long-term unemployed.

Fifth, there is reason to believe that economic revival is only capable of dealing with temporary shortages in the labour market in regions which have a solid infrastructure: economic recovery between 1998 and 2000/2001 managed to reduce relative and absolute unemployment in former West Germany but not in former East Germany – a region with weaker infrastructure. As a result regional polarisation of the German labour market intensified. The same picture is also given when comparing different (stronger and weaker) areas within the former West Germany. It is therefore important to analyse whether the labour market in strong regions reacts more to economic trends.



If this suspicion were confirmed upon closer inspection it would be a deciding argument against the expectation that economic growth itself could reduce regional polarisation. Moreover, it indicates that this typologisation of poverty and deprivation also needs to be sub-divided into regions. Such a regional typology would more than likely demonstrate that regions with unemployment rates resistant to economic trends are characterised by their particularly complex manifestations of social exclusion and poverty. This would present a sizable concern for a conceptualization of poverty – not least because many investigations demonstrate the close connection between long-term unemployment and poverty.

## VI. A Political Cause

**Thesis 10: Political cause of the social polarisation is the biased exoneration of capital factor and the fiscal policy of favouring wealth in the hope of stimulating economic growth and creating jobs. Not only did this not have the desired effect, the one-sided supply orientated economic and fiscal policy actually led to a dramatic reduction in state revenue.**

While the average income tax burden of gross wages more than tripled between 1960 and 2000, tax on unearned income sank dramatically: in 2000 it

amounted to a third of tax incurred in 1960 – the era of the economic miracle. In these forty years disposable earnings and unearned income clearly increased at a higher rate than net salaries. As a result the proportion of net salary quota fell dramatically. Laterally reversed, net profit quota increased to 30%.

Even though profit increased at a rate higher than average, the capital factor contributed less and less to financing social services. The relative loss in significance of income tax (for unearned and/or high income) was particularly dramatic: in 1960 it contributed to 31% of the total tax revenue whereas in 2000 income tax only amounted to a dwindling 2.7%. Corporate tax and trade tax also represented smaller parts of the tax revenue. On the other hand, the contributions from the labour factor more than trebled: in the year 2000 tax on wages accounted for over 35% of the total tax revenue! The contribution from indirect taxes increased: sales tax increased by nearly 50% and petroleum tax by over 90%. In this way, “mass taxation” accounts for three quarters of tax returns – three times as much as capital tax. In terms of fiscal distribution policy this is highly problematic.

Capital tax exemption hoped to encourage growth and job creation. This was deceptive: the growing wealth of businesses and individuals only had a limited effect on society as a whole: tax cuts alone create neither growth nor jobs, but occasionally public poverty, as demonstrated in a study by staff members at the Swiss finance ministry published in 1999. The study also pointed out that open economies were being forced into the circle of tax cuts as found in other OECD states.

This tax-cut race was initiated by the OECD states with Ronald Reagan being the first to set the ball rolling at the beginning of the eighties and Germany soon taking over the lead: the actual average capital tax rate fell at a more drastic rate than in Great Britain and in the USA from 1980 to the mid-nineties. Actual average corporate tax also fell more in Germany than in Great Britain and the USA – in 1996 the British had to pay double the amount of capital tax than the Germans (in the USA the exchequer also helped himself more). Germany exonerated the capital factor quicker than other OECD states and converted itself from victim to the driving force behind the ruinous tax-cut race. The consequence is well known: public deficit.

Conversely, the average real working tax in Germany increased and was way over rates in the USA and Great Britain in 1996. This hardly benefited Germany as a business location. In addition, tax competition can be seen a direct consequence of the global finance market liberalisation. Both tax havens and the actors on the capital markets placed the OECD member states under increasing pressure to reduce the tax burden on capital, business and top-earners. This international tax competition had a ruinous effect in the nineties – as stressed

by the OECD Secretariat in Paris. While the tax burden on businesses and top-earners eased, exactly the opposite has occurred with VAT rates and community contributions. Tax on income from salaries and wages is increasing while the tax on profit and income is steadily being cut. It seems as if fiscal redistribution is occurring: from the bottom up.

Transnational corporations are clever in using the new opportunity – company mergers and outsourcing, profit relocation, transfer price manipulation – making profit without paying taxes.

Such activity is not just confined to legal routes: loss of revenue through tax evasion was estimated at over 50 billion Euro at the end of the nineties causing much more political and economic damage than individuals guilty of tax evasion which accounts for approximately 1 billion Euro.

When faced with such links it seems fitting to quote John Kenneth Galbraith who asked decades ago whether or not “private affluence comes at the cost of public squalor”.

## VII. An ideological cause

**Thesis 11: A de-ideologisation is essential in the debate about social and distribution policy. This must include exposing ideological elements in the prevailing interpretations of wealth and inequality as well as including the attempt to conceptualise social justice as a guiding principle for social action.**

The biased support for relief of capital factor together with the fiscal policy of preferring wealth have not lead to the desired economic growth, rather, state revenue has dramatically fallen. It is therefore essential to change the emphasis of the tax system debate using an empirically secure basis.

In trying to justify social inequality the positive function of wealth is being introduced into the debate. This is, however, mostly speculative and the arguments put forward in favour of social inequality are questionable. A new social debate to address the impact of inequality on society is therefore necessary.

A sociology of wealth can contribute to the necessary de-ideologisation of the current public debate on wealth and inequality. Money in its function as an asset must be taken into account here. Following the thesis of “promising absolute affluence” the functional arguments in favour of inequality and wealth on a basic level would be questioned.



Social inequality can only not be judged on its functions– it must also be judged from a different perspective, namely what is “right or just”. Social justice is not an empty term, rather it is a key phrase within a democratic society.

According to contemporary socio-philosophical discussion general contribution seems to be at the centre of social justice: all members of society must have the means to realise their participation rights. In order to avoid the misuse of power that comes with wealth, no member of society should have an abundance of resources.

A change in perspective is therefore necessary: social inequality is neither for rapprochement nor for welcoming, rather, it depends on how it can be justified and what society stipulates to be a socially acceptable and economically useful level of inequality. In this way we can allow a positive image of wealth, which at the same time should not be limitless. In the wealth and poverty discourse it is therefore necessary to debate when and how wealth is justifiable in a democracy and to move away from false alternatives in the discussion such as “equality and inequality”.

## VIII. Polarisation in times of globalisation

**Thesis 12: In the last quarter of the 20th century polarisation between countries has occurred; this is characterised by at least two developments: firstly the poles of wealth and poverty are moving further apart. Secondly, the poverty pole is becoming increasingly more split.**

While the income gap between Africa and the OECD states increased massively, east and southeast Asia were able to improve their position dramatically.

There were also differences in the development of least developed countries: in Africa both the number of people living in absolute poverty increased as well as the degree of poverty, whereas in Asia poverty decreased.

Social developments in times of globalisation are characterised by inconsistent trends in bleak prognosis. Regardless of the success of some countries in their fight against poverty, one can assume that in the year 2015 over a quarter of the world’s population will be living in countries which have not reached the objectives set at the millennium summit in September 2000.

Although the globalised economy is supposed to serve the fight against poverty, the structures of the global market hinder the integration of the poorest countries into the globalised economy. Only few developing countries are

of importance for the global market. In the process of globalisation increased global competition takes place above all between companies from industrialised nations. On the other hand, the global market is of great importance for the least developed countries. Their asymmetrical integration into world trade is characterised by high trade deficit and the necessity of net-food imports.

The increasing geographical polarisation of globalisation in conjunction with increased power of the markets demands extensive trade liberalisation of OECD member states. In contrast, extensive trade liberalisation of least developed countries would not aid in the fight against poverty: according to the structure and stage of development of a country different levels of liberalisation are necessary.

The liberalisation of the finance markets increased the power of the global market and became a catalyst in economic processes.

Before this background the fight against poverty demands an increase in the means for financing development.

## Part II

# Wealth and Poverty as a Challenge for the Church. Biblical, theological and ecclesiastical hints for church practice

### I. The elements and structural characteristics of the theological perspective of the study project

*Thomas Posern*

A biblical-theological approach was adopted for the biblical part of the book “Wealth and Poverty as a challenge for the Church” as opposed to dividing it traditionally into the Old and New Testament. The reason for this lies in the fact that the hermeneutic key for the subject of wealth and poverty in the bible is found in the social legislation of the Torah.

It is obvious that the aim of such an approach does not lie in transferring models from an archaic organisation of society onto our societal situation. There are, however, structural characteristics which connect God’s work and the social organisation of society in such a way that they could be seen as fundamentals for biblical ethics.

Two notions or concepts are characteristic for Frank Crüsemann’s<sup>16</sup> suggestion of a biblical-theological approach: the notion of blessing connected to justice and the idea of a “prosperity theology”. The Deuteronomist theology is not ascetical – and that is something which is valid for the whole of the study as there is no plea for “the simple life” although this would be justified – but this isn’t our subject. It is obvious that “prosperity theology” could bring problematic consequences, especially in global terms.

For the Deuteronomist it is about the relation of “indicative” (how it is) and “imperative” (how it should be), which we know very well as part of the theology of St. Paul. We meet the same structure in the acts of freeing and blessing by God and its consequence in the ethical dealings of his people. It is about the consequence for free, land-owning farmers of the freeing experienced in Exodus through Yahweh and land giving. Everyone (all those who were freed) should be able to participate in landowning and freedom – including those without direct

access to the riches of the land – the landless. The fact that they receive part of the prosperity means that justice becomes part of a blessing circle.

From God's gifts and man's work spring forth not only wealth but more importantly a kind of blessing circle. Wealth is subject to a double criteria: it is asked how the wealth was accumulated and how it is used (social legislation, setting aside a tenth, debt cancellation, critic of the prophets). Justice is the regulator of wealth and guarantees blessing. For the Deuteronomist it is about assuring the participation of those excluded from the market by law. Here we can recognise a thoroughly enlightening and strong structural parallel to the tasks we are faced with in our society and in the world. Crüsemann stresses that, in his opinion, this law was practised in Israel and thereby avoided a division in society! In the transition from the spiritual sphere to the legal-economic sphere the biblical reference is that God's gifts be ascertainable.

The leading biblical notion of blessing exceeds the material dimension of possession and fortune (as far as human behaviour is concerned) according to Crüsemann, the rich man receives his blessing from sharing his wealth with the poor. The Lord blesses the rich man who gives part of his wealth to the poor man. Should this turn around a distribution from the poor to the rich occurs: "the plunder from the poor is in your houses!" (Isaiah 3,14), prosperity and money become Mammon, the false idol! In this sense we are asking today about the function of wealth and prosperity as well as asking which direction the river flows between the two groups in society.

These "House rules of the Torah" as the essential feature of the Old Testament are taken up in a more radical way in the New Testament. In Luke's double work wealth and poverty play a special role and his Gospel he mentions what rich people could do in order to fulfil the proclamation of the new beginning including debt cancellation – the opposite of which is greed; in this perspective a characteristic mark of the "pagan". (Eph. 4, 17.19)

While the slight digression of Vincenzo Petracca presents Luke as a Gospel for the poor – in a theological sense quite different from Crüsemann; in Uwe Gerber's outline we find another theological starting-point yet with comparable results. From this point, as well as in the approaches of the different theological authors one can see that we have permitted and welcomed theological plurality.

Gerber begins with the empiricism of the form of wealth in our society and decidedly connects with the corresponding implementation of the statement<sup>17</sup> on the economic and social situation. Based on the premise that money usurps the function of God – money penetrates into all pores of society in an era of electronic communication and it becomes a means of communication – and in this way dominates all sub-systems in society and casts its spell over it. Gerber

says that money as capital, to be precise, due to its function, loses its character simply as a “means”. It covers all meaning of reality and also prevails in the non-economic communication and behaviour of man, because the result of every deed is put under pressure from an actual or potential conversion into money. Gerber stresses that “wealth in western societies is like the secularised ubiquitous host in a post-Christian society” which promises security and invulnerability in a fragile world. If this is true then theology must address it in a new critic of religion which moves on another level to the question of the socio-economic function of wealth, which we present in the foreground of our study.

Gerber finds his ethical-theological approach in a socio-political-economical understanding of the relationship with one’s neighbour and a similarly socio-politically understanding of justification by faith alone. Ethics is fundamental in our dependence on other people and creation. Vulnerability and mortality, the experience of radical dependence on other people as one representative of God cause fear and encourage us, according to Gerber, to seek a “monetary host” in order to build up security around oneself. Gerber points out that also in the ethics of economics and wealth there aren’t any norms which are valid forever, there is no one way to behave, rather that democratic debate is necessary. A debate which aims to explain politically and democratically how the violence of wealth which excludes others can be avoided. It is about an objectification, demystification and demythologisation of wealth, which until now contributed its conversion into a taboo subject thereby obstructing the question of its societal function – demonising wealth is the other side of the coin. Politics is then from the perspective of poor people to design.

Franz Segbers places us before the biblical decision: “God or Mammon”. He who hangs his hope on the idol of mammon, falls into the fruitless mode of “have more, want more”, of greed. In neo-liberalism, according to Segbers, we are dealing with a secularised and hidden prosperity theology – the invisible hand of the market economy hides the vision of notion of God. The talk of capital market lets the economic actors disappear. Like Gerber, Segbers comes to the conclusion that in the current economic form – and the behaviour required in this economic form – we are dealing with a religion which can only be counteracted by criticising myths.

Jürgen Reichel from the Church Development Service (an association of the protestant churches in Germany) stresses that churches must increase networks of global solidarity and undertake (or improve) advocacy work. They must deal with the regional dimensions of wealth and poverty. We presently face the situation in which churches shy away from asking how wealth is accumulated. At the same time they do not question excessive wealth, nor do they look into the wealth is greed culture. They don’t really mention that the “culture of greed” becomes a pattern function for ordinary people.

Reichel also points out critically that so-called Prosperity Churches, Pentecostal and neo-Pentecostal churches have now been transformed into an uninterrupted prosperity theology, which serves the interests of an extreme capitalism under the motto “he who entrusts Jesus with his life will be rewarded by means of prosperity”

Reichel points out that an important element followed from the “Programme for Combating Poverty and Greed” (from the Aprovev process): picking up the principle of subsidiarity he continues that Christian communities and parishes should be “supported as subjects of social change”. For this they need “theological guidance” as well as guidance with economic, catechistic and liturgical material. Beyond this Reichel suggests setting up a mass and liturgy for “World Poverty Sunday”.

In conclusion, Karl-Heinz Dejung<sup>18</sup> encourages continuous discussion about wealth and poverty and encourages “existing church institutions commit themselves to take up the study ‘Wealth and Poverty as a Challenge for the Church’ in their work. They decide on how the work will be distributed with a view to observance, analysis, and evaluation of new publications on the question, as they are at both federal and European level. Those working on the project meet annually to discuss and plan a document on the ‘situation’ as found in the current ecumenical programme on ‘Christianity, Poverty and Wealth in the 21st Century’, whose follow-up should be controlled by the World Churches Council”.

## II. What churches could and should do Ten central elements for a church agenda.

The following points are merely suggestions for a change in focus and can complement the dialogue and actions of the church with the knowledge that churches and above all their services and parishes have in many ways already been dealing with wealth and poverty for a considerable length of time.

### 1. Achieving social justice in the church

Churches should check on the distribution of income and wealth amongst their employees and members to ascertain whether any of them are living in poverty and whether new solidarity models are necessary (both with reference to church structures as well as balancing of members).

Churches should give theological and ecclesiastical reasons for the necessity of looking into wealth and poverty and try to make their members understand why it is ecclesiastically necessary to enquire into wealth and poverty within the church.

The churches could initiate a discussion on the definition of wealth and poverty, since “the poor” and “the rich” are amongst its members. It is also necessary to compare the situations of poorer and richer members of a parish, and wherever possible, to bring the groups together.

## **2. To intensify distribution policy debates, change the direction and include “those concerned”**

Churches should make clear why – in the face of such social polarisation – a new focus as well as an intensified debate on distribution policy is important for a sustainable society. It should also be highlighted that it is essential for their social solidarity as much as it is a bid for social justice.

Churches should support an objectification of the distorted socio-political discourse and, among other things, contribute to the social agreement on differentiating typologisations of wealth and poverty for presenting the multi-dimensional aspect and the diversity of wealth and poverty.

At the same time, churches should advocate a new conceptualisation of wealth and poverty which highlights the connections between social and regional polarisation and the crisis of market-dominated socialisation; and present criteria for the evaluation of social functions of uneven distribution and wealth. A sober and ideology-free demystification of the virtual-religious being “the promise of unlimited wealth” belongs to one of the inherent duties of the church.

Churches should ensure that people who are “socially excluded” take part in the process of typologisation and conceptualisation. Churches should also ensure that the experiences and socio-political competences of their employees, services, groups, parishes and members be of benefit for the typologisation and conceptualisation.

## **3. Private wealth and public poverty**

Churches should point out the connection between “public poverty” and “private wealth” and be committed to bringing this back to the top of the agenda in sociological and theological discussions. It is also important for churches to see to it that this connection be considered more than previously when designing the tax system and that the tax reduction competition of the OECD states be stopped.

## **4. Economic Criminality**

In light of the debate on acquiring social benefits by false pretences churches should demand decisive action against much more damaging forms of econo-

mic criminality. This would contribute to such offences being given the political and legal attention they deserve.

### **5. Ethical investment**

Since shares and investment share certificates as a form of investment increase rapidly in importance, churches should help boost instruments of ethical investment by using these instruments themselves.

### **6. Improving the churches instruments for reducing global polarisation**

Despite difficult financial situations churches should aid its agencies, services and parishes in their commitment to reducing global polarisation and provide more financial resources.

At the same time church actions for combating poverty should open up the discussion of wealth and its functions in society.

### **7. Polarisation and the increasing power of global markets**

More than they have done in the past churches should demand that the Federal Government speaks up on the reform of the UN-system, the World Trade Organisation and the International Monetary Fund as well as the World Bank which would allow effective participation of developing countries.

### **8. Debt cancellation**

Churches should advocate the introduction of state insolvency procedures and that debt cancellation cease to be a taboo, especially for countries with massive debts and middle income.

### **9. Public development co-operation.**

Churches should advocate a spending increase of the Department for Official Development Aid of 380 billion Euros per year by 2006.

### **10. Wealth and poverty report of the church**

Churches should public a joint, ecumenical report on wealth and poverty based on empirical results and sociological analysis of churches experience with wealth and poverty. Existing ecumenical networks of church agencies, services, parishes and groups should be taken advantage of and used in the preparation of the report.



## 2015 Targets for the Churches

*Proposed by the APRODEV-Project "Christianity, Poverty and Wealth in the 21st Century"*

1. Share liturgies and create new ones which engage with the realities of wealth and poverty and
2. Provide clear and accessible teaching and educational programmes on Christianity, poverty and wealth and on the economic order so that congregations are inspired and equipped to engage in structural change and bring about God's justice.
3. Define a 'greed line' to stand alongside the 'poverty line' in each society, translating Gospel teaching on wealth into concrete and contemporary guidance for Christians.
4. Organize a World Church Sunday on Poverty and Wealth in October to coincide with the UN International Day for the Eradication of Poverty to focus the attention of the churches on their calling to overcome greed and poverty.
5. Re-examine the reasons for supporting poverty-related projects and programmes to make sure they are advocates of fundamental structural change in favour of the poorest.
6. Give priority to local churches and communities in resourcing and decision-making.
7. Participate in national poverty reduction strategies in every country so that the churches make their full contribution to policy-making, implementation and monitoring.
8. Support and actively participate in an inclusive global alliance of the churches and their organizations (focused on the Ecumenical Advocacy Alliance) to 'globalise solidarity' and make church advocacy more effective.
9. Create an ecumenical network of research institutions to exchange and co-ordinate their findings on advocacy issues and make them available to the churches.
10. Produce a World Church Report on Poverty and Wealth in 2007 and 2015 to provide a framework within which the varied activities of the churches can gain greater coherence and reinforce each other.

## Footnotes:

- 1    Evangelische Kirche in Hessen und Nassau.
- 2    Zentrum Ökumene.
- 3    Diakonisches Werk in Hessen und Nassau.
- 4    Co-founder of Werkstatt Ökonomie.
- 5    Centre for Social Responsibility of the Protestant Church in Hessen and Nassau.
- 6    University of Protestant Churches at Bethel.
- 7    Professor in Systematic Theology, Institute for Theology & Social Ethics, Technical University in Darmstadt.
- 8    Lecturer for Protestant Social Ethics at the University of Marburg and specialist on ethics at the Social Service Agency in Hessen and Nassau.
- 9    Head of the Centre for Ecumenical Work of the Protestant Church in Hessen and Nassau.
- 10  Einkommens- und Verbrauchsstichprobe EVS.
- 11  With an income under 50% of the median.
- 12  With a net equivalent income of over 50% the median up to 50% of the arithmetic mean.
- 13  Income obtained through market activities.
- 14  The distribution of market income.
- 15  Institut für Arbeitsmarkt- und Berufsforschung der Bundesanstalt für Arbeit.
- 16  University of Protestant Churches at Bethel.
- 17  For a Future founded in Solidarity and Justice. A Statement of the Evangelical Church in Germany and the German Bishops' Conference on the Economic and Social Situation in Germany, 1997.
- 18  Head of the Centre for Ecumenical Work of the Protestant Church in Hessen and Nassau.