

# Poverty, Wealth and Ecology: The Impact of Economic Globalization

## A Background to the Study Process

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**“Look, Lord! Here and now I give half of my possessions to the poor, and if I have cheated anybody out of anything, I will pay four times the amount” (Luke 19: 8).**

**With Jesus comes the truth.<sup>1</sup>**

Luke tells the story of Jesus coming to Jericho. A large crowd has turned out to catch a glimpse of him. Among these is Zacchaeus. He tries to push through the crowd to get a better look, but is not allowed to move to the front row. So he has to run ahead and climb a sycamore tree in order to get a good view of the wandering rabbi who is talked about so much. The fact that the crowd turns its back to Zacchaeus is revealing. He is the chief tax collector and the text underscores that he is a rich man. Hence he is an important figure in Jericho. Today such a man would claim a front seat – and would probably get it – for, regardless of how it was acquired, wealth is accepted and demands privilege. We see in the text that in Jericho the ordinary people do not accept wealth as such. They see that Zacchaeus accumulated his wealth by collaborating with the enemy, the Roman Empire. He bought the privilege to collect taxes and his success depended on how ruthless he was in collecting them from his fellow human beings.

He is rich, but he is an outcast. The people of Jericho say: “He may be rich. He is cheating us. He is exploiting his power. But one thing is true. We may be poor, but we are Abraham’s children. He is rich, but he is lost.” When Jesus comes, he reveals the truth. The truth about human contempt and envy, about human hopes and hidden despair.

This is just one of the many stories in the bible which describe Jesus’ encounters with the rich. It resonates with the lives of people all over the world and their experiences of poverty and wealth.

### Introduction

The biblical story of Zacchaeus introduces this working paper on the study process entitled “Poverty, Wealth and Ecology: The Impact of Economic Globalization” within the World Council of Churches’ programme on “Public Witness: Addressing Power and Affirming Peace” (P3). The purpose of this paper is to spell out a framework for the proposed study and its envisaged outcomes for use of staff, researchers and the World Council of Churches (WCC) Reference Group on poverty, wealth and ecology. At the 9<sup>th</sup> General Assembly of the WCC held

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<sup>1</sup> For the biblical interpretation of the encounter of Jesus with Zacchaeus, the homily used by Rev. Dr. Samuel Kobia, General Secretary of the WCC, at the Inter faith Congress on Peace, organized by the Community of St. Egidio, in Naples, Italy, 23 October 2007, has been used. It is written with resources from Rev. Dr. Geiko Müller-Fahrenholz, Consultant, International Ecumenical Peace Convocation, Decade to Overcome Violence, WCC.

in Porto Alegre in 2006, it was proposed during the Ecumenical Conversation that had focused on “the scandal of poverty” that churches and partners in the ecumenical movement embark on such a study process to address the dearth of reflections and analysis on wealth and how wealth creation is related to poverty and ecology.

Building on the results of the earlier process on Alternative Globalization Addressing People and Earth (AGAPE) which began at the 8<sup>th</sup> Assembly of the WCC in Harare, the current phase of the study process will lead up to the 10<sup>th</sup> Assembly of the WCC in 2013. It will engage churches and specialized ministries in a consultative research on poverty, wealth and ecology, which will be undertaken in all continents following an established ecumenical calendar.<sup>2</sup> It will contribute to the ecumenical history of the “Life and Work” movement in developing social ethics on economic life. It will draw energy from previous ecumenical theological and ethical reflections which were done through the programmes on Church and Society, *Diakonia* and Service, as well as the Justice, Peace and Integrity of Creation process.

Economic concerns have emerged as a divisive issue for the churches. The AGAPE process in particular revealed that many of the old North-South tensions and conflicts remain. Differences in analyses and recommendations among churches and ecumenical partners stem largely from divergences in ideological standpoints that are, in turn, determined by social and historical locations. This underlines the need for a genuinely open, connected and critical dialogue on poverty, wealth and ecology. It is therefore envisaged that this study process will enhance understanding and synergies among churches and the ecumenical family so as to fulfill the threefold vision of the WCC of living out Christian unity more fully, being “neighbors to all” and taking great care of creation.<sup>3</sup>

The major achievement that this project will have contributed to by 2013 is to have provoked a **shift in churches’ understanding and actions on poverty, wealth and ecology. Churches would have reflected on the issue by proposing a definition of a ‘greed line’ to stand next to the ‘poverty line.’**<sup>4</sup> Additionally, the WCC together with ACT Development will produce an **Ecumenical World Report on Poverty and Wealth** to complement the development reports published by the United Nations Development Programme (UNDP) and the World Bank. The biennial ecumenical report will reflect on the concrete experiences of people in local contexts and will include ethical reflections and analysis of the experiences of poverty and wealth - rather than focus on presently available socio-economic statistics.

### **The mandate from the 9<sup>th</sup> WCC Assembly**

The Programme Guidelines Committee report to the 9<sup>th</sup> Assembly of the WCC called for the deepening of the AGAPE process:

The 9<sup>th</sup> WCC Assembly affirms a follow-up of the AGAPE process to be undertaken and expanded, in collaboration with other ecumenical partners and organizations, to engage in (1) the work of theological reflection on these issues that arise out of the center of our faith; (2) solid political, economic and social

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<sup>2</sup> See attached annex.

<sup>3</sup> See WCC Programme Plans, 2008-2013, 30 April 2007, pp. 9-12.

<sup>4</sup> See Michael Taylor (2003), *Christianity, Poverty and Wealth*, APRODEV and WCC: Geneva.

analysis; (3) on-going dialogue between religious, economic and political actors; and, (4) sharing practical, positive approaches from the churches.<sup>5</sup>

The proposed study process on poverty, wealth and ecology is a response to the call to further develop and sharpen the AGAPE process. Each of these three elements – poverty, wealth and ecology – requires theological reflection, as well as political, economic and social analyses. An open discussion between religious, economic and political actors will be pursued. Sharing of practical and positive approaches will be in the form of global church consultations and hearings planned to take place in each continent between 2007 and 2011.

The ecological focus of the study will be narrowed to the issue of ecological debt. This will complement the work on climate change and water which falls under the WCC's project on "Climate Change and Water: Caring for Creation (P405)."

Recognizing that there can be no peace without economic justice, the study process will be closely related to the "Decade to Overcome Violence or DOV (P301)" process leading to the International Ecumenical Peace Convocation (IEPC) and the proposed Declaration on Just Peace. The WCC Central Committee at its September 2007 meeting underlined the need for such a link.<sup>6</sup> Additionally, this study will be influenced by "Youth in the Ecumenical Movement (P105)" and "Women in Church and Society: Challenges and Hopes" (P106). Hearings of youth, women and theologians will be organized each year on the subject of the study.

### **Understanding the links between wealth and poverty**

Rich people – their motivations and how they became rich in the first place – are most often less investigated than people in poverty. Nevertheless, wealth and poverty are intrinsically linked, as if they are two sides of the same coin.

The standard economic view holds that generating more prosperity – narrowly defined as increases in income and consumption, and, at the macro level, growth in the Gross National Product (GNP) – is the best way to reduce poverty. Yet there is mounting evidence that wealth creation at the macro level does not automatically result in poverty reduction; nor is it a sufficient condition for alleviating poverty. A recent analysis by Peter Edward (2006) reveals that only 9.5% of consumption growth between 1993 and 2001 benefited the poorest 50% of the world's population.<sup>7</sup> The "global middle class" or those in the top half of the world income distribution received over 90% of the increase. Likewise, the New Economics Foundation (2006) reports that between 1990 and 2001, a mere USD 0.60 out of every USD 100 worth of

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<sup>5</sup> See the full report of the Programme Guidelines Committee of the 9<sup>th</sup> Assembly of the WCC, retrieved from <http://www.wcc-assembly.info/en/theme-issues/assembly-documents/1-statements-documents-adopted/institutional-issues/report-of-the-programme-guidelines-committee/report-as-adopted.html>.

<sup>6</sup> See WCC Central Committee Minutes September 2007, p. 107. The committee recommended that a visible connection be established between the AGAPE process and the DOV IEPC and the Declaration on Just Peace.

<sup>7</sup> See Peter Edward (2006), "Examining inequality: Who really benefits from global growth?," *World Development*, Vol. 34 (10), pp. 1667-1695.

growth in the world's income per person contributed to poverty reduction.<sup>8</sup> Achieving a single dollar of poverty reduction would therefore require USD 166 of additional global production and consumption with associated adverse effects on the environment. These findings suggest that relying on GNP growth to reduce poverty is both inefficient and unsustainable.

The biblical character, Zacchaeus, the tax collector, exemplifies that there are institutional links between the production of wealth and poverty. In our global context today, the very structures and methods set in place to create wealth – often legitimated by the socio-cultural and religious status quo – could, at the same time, be responsible for producing poverty and inequality. In a globalizing world, enrichment and impoverishment are often intertwined. The AGAPE process and cutting edge research has revealed that external financial debt as well as trade and financial liberalization – mechanisms and policies associated with economic globalization – have largely benefited the North and elites in the South while deepening poverty in some countries, especially in Africa and Latin America.<sup>9</sup> There is also strong empirical substantiation for the view that economic liberalization policies – widely touted as the pathway to prosperity and convergence – have caused the gap between the rich and poor in global and national terms to further widen in recent years.<sup>10</sup> The 2005 United Nations Development Programme (UNDP) Human Development Report states that:

At the start of the twenty-first century we live in a divided world. The size of the divide poses a fundamental challenge to the global human community...The world's richest 500 individuals have a combined income greater than that of the poorest 416 million. Beyond these extremes, the 2.5 billion people living on less than 2\$ a day – 40% of the world's population – account for only 5% of the world's income...Human development gaps within countries are as stark as the gaps between countries...There will be additional 380 million people living on less than one dollar a day by 2015.<sup>11</sup>

Indeed, a critical concern is that wealth appears to be flowing from the poor to the rich within and between countries – a trend that is hugely unjust. The 2004 UN Conference on Trade and Development (UNCTAD) Annual Report describes the yearly net transfer of USD 200 billion from poor to rich countries in the form of capital flight, debt and interest payments, and profit repatriation of multinational corporations.<sup>12</sup> However, available analysis has yet to establish a full picture of this transfer since it fails to take into account the movement of non-monetary wealth. The flow of wealth from the poor to the rich within countries also merits further research.

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<sup>8</sup> See New Economics Foundation (2006), "Growth isn't working: The unbalanced distribution of benefits and costs from economic growth," retrieved from <http://www.neweconomics.org/gen/uploads/hrfu5w555mzd3f55m2vqwty502022006112929.pdf>.

<sup>9</sup> See, among others, WCC (2006), *Alternative Globalization Addressing People and Earth (AGAPE): A Background Document*, WCC: Geneva, pp. 8-24; and Branko Milanovic (2003), "The Two Faces of Globalization: Against Globalization As We Know It," *World Development* 31 (4), pp. 667-683.

<sup>10</sup> See, for instance, Branko Milanovic (2002), "True World Income Distribution: First Calculations based on Household Surveys Alone." *Economic Journal* 112, pp. 51-92.

<sup>11</sup> See the UNDP Human Development Report (2005), UNDP: New York and Geneva.

<sup>12</sup> See the UNCTAD Annual Report (2007), UNCTAD: New York and Geneva.

Growing inequality between North and South and between rich and poor within countries threatens peace. According to Bas de Gaay Fortman (2003), “among the many reasons why addressing the globalization of inequality has to be seen as an urgent challenge, collective violence is perhaps the most pressing.”<sup>13</sup> Moreover, it is argued that the concept of a ‘social contract’ between governments and citizens has a counterpart at the global level – the ‘development contract’ governing relations between so-called developing countries, developed countries and global institutions.<sup>14</sup> The seeds of international conflict are sown when global institutions and governments fail to respond to glaring global imbalances.

Churches are challenged to make the connections between poverty and wealth in response to a fundamental moral and ethical question: why are millions of children dying from hunger and disease at a time of unprecedented global prosperity? <sup>15</sup> The proposed WCC study process on poverty, wealth and ecology will thus attempt to deal with the following questions: **To what extent are methods and structures of wealth creation responsible for poverty and inequality? How can this trend be reversed? What are concrete examples from countries, regions and worldwide that illustrate how the poor are deprived of their entitlements by the rich? Are inequality and the lack of wealth distribution threats to peace? What are the spiritual and ethical implications of these questions?**

### **Wealth and enrichment**

Adam Smith, in his *Inquiry into the Nature and Causes of The Wealth of Nations*, stated that “the most persistent, the most universal, and therefore the most reliable of man’s (sic) motives was the pursuit of his own interest.”<sup>16</sup> He argued that self-interest in accumulating wealth, or the “invisible hand” of the market, would lead to efficient outcomes benefiting society as a whole.<sup>17</sup>

Building on a selection of Adam Smith’s theories, mainstream neoclassical economists consider individual welfare as dependent on wealth, or more accurately, income and consumption. Hence, in microeconomics, individuals have the objective of maximizing income and consumption while firms have the objective of maximizing production and profits. In parallel, economies in a neoclassical world are geared towards maximizing GNP. The underlying assumptions, according to Amitava Dutt (2007), are that “individuals prefer more” and that “it is desirable for the economy to produce as much as possible.”<sup>18</sup>

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<sup>13</sup> See Bas de Gaay Fortman (2003), “Persistent Poverty and Inequality in and Era of Globalization: Opportunities and Limitations of a Rights Approach,” in *Globalization and its New Divides*, Dutch University Press: Amsterdam, p. 149.

<sup>14</sup> See Mansoob Murshed (2003), “Globalization is not always good,” in *Globalization and its New Divides*, Dutch University Press: Amsterdam.

<sup>15</sup> See Bob Goudzwaard and Harry de Lange (1995), *Beyond Poverty and Affluence: Toward an Economy of Care*, WCC: Geneva, p.73

<sup>16</sup> See Edwin Cannan, ed. (1976), *Adam Smith, An Inquiry into the Nature and Causes of the Wealth of Nations*, The University of Chicago Press: Chicago. It should be noted that in other works, Adam Smith argued that moral values – namely, liberty, justice and benevolence must underlie economic behavior (see Adam Smith [1759] (1984), *The Theory of Moral Sentiments*, Liberty Fund: Indianapolis).

<sup>17</sup> Ibid.

<sup>18</sup> See Amitava Krishna Dutt (2007), “Conflicting Paradigms of Economics and the Dynamics of Wealth Creation.” draft paper prepared at the Conference on Muslim, Christian and Jewish Views on Wealth Creation, University of

Wealth has important “functional dimensions (allowing people to eat and have shelter), aesthetic benefits (allowing people to celebrate life and enjoy beauty), and a relational nature (where material items are used for self and neighbor).”<sup>19</sup> Yet, at the same time, wealth and its creation in micro and macro terms can be just as problematic as poverty.

First of all, wealth may be ill-gotten and generated at the expense of poor people and the environment. Odious debts are a prime example: in some cases, financial loans extended to Southern governments enriched foreign banks, multinational corporations and local dictators but mired poor people in debts that did not lead to the betterment of their lives. Today, mainstream neoclassical economic models are undergoing critique from heterodox economists as well as social movements and civil society organizations that are highlighting the social and environmental costs of wealth creation – euphemistically termed ‘externalities’ in economic parlance.<sup>20</sup> Among others, feminist and environmental economists contend that the mainstream fixation on income generation and GDP growth has tended to undermine and overstretch the social reproductive sphere – where women predominate as providers of unpaid caring labor – as well as the ‘carrying capacity’ of the earth.<sup>21</sup>

Second, the adverse impacts of wealth creation on poor people and the environment have in part to do with contemporary society’s narrow definition of wealth in economic, not necessarily life-enhancing, terms (e.g. income, material assets, GNP). However, indigenous and rural communities that live in close proximity to the earth and that practice restraint in consumption arguably have a different, non-monetary meaning of wealth that determines how it should be created and shared. Feminist and environmental economists are thus challenging reductionist, money-based definitions of wealth, emphasizing the importance of the environment and just and caring relationships among and between humans and the earth.<sup>22</sup> In doing so, they are beginning to raise some very basic issues in economics: what is value and what does society consider valuable?

Third, wealth tends to be associated with economic, political and other forms of power that facilitate the accumulation of even greater wealth. The rapid globalization of economies in the last couple of decades has opened plenty of opportunities for rich persons and nations to further expand their financial positions, for instance through the use of market or monopoly power (including patents) to control prices, financial speculation, protection of agricultural markets through tariff barriers and subsidies, and political and military pressure. These various forms of

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Notre Dame, 23-24 April 2007, retrieved from

<http://www.nd.edu/~ethics/wcConference/presentations/Dutt/Dutt%20Conflicting%20Paradigms.pdf>.

<sup>19</sup> See David Miller (2007), “Wealth Creation as Integrated with Faith: A Protestant Reflection,” draft paper prepared at the Conference on Muslim, Christian and Jewish Views on Wealth Creation, University of Notre Dame, 23-24 April 2007, retrieved from

<http://www.nd.edu/~ethics/wcConference/presentations/Miller/Miller%20Wealth%20Creation.doc>.

<sup>20</sup> See Herman Daly and John Cobb (1989), *For the Common Good*, Beacon Press: Boston; and WCC (2006) AGAPE A Background Document, WCC: Geneva.

<sup>21</sup> See, among others, Athena Peralta (2005), *Towards A Caring Economy: A Feminist Contribution to AGAPE*, WCC: Geneva; and Herman Daly and Kenneth Townsend (1993), *Valuing the Earth: Economics, Ecology and Ethics*, Massachusetts Institute of Technology: Massachusetts.

<sup>22</sup> See Athena Peralta (2005), *Towards A Caring Economy: A Feminist Contribute to AGAPE*, WCC: Geneva.

enrichment through abuse of power give rise to violations of people's economic, social and cultural rights.

Finally, wealth and wealth creation may encourage values of self-centeredness, competition, materialism, and greed. Essentially propagating the view that "human beings are valued by what they have and what they consume rather than for what they are"<sup>23</sup>, these attitudes influence the workings of mainstream economics in theory as well as in practice. The twin phenomena of overproduction and over-consumption, especially in the North, with attendant social and environmental implications, are among the more important consequences. Today, tremendous amounts of money are being expended on superfluous and even life-destroying goods. In 2005 alone, global military spending reached well over USD 1 trillion (or around USD 3.1 billion daily!) with the United States accounting for nearly half of the amount.<sup>24</sup> Moreover, Europeans spend around USD105 billion on alcohol and USD 59 billion on cigarettes per year.<sup>25</sup> Yet a fraction of these expenditures could have contributed to poverty eradication. The UN estimates that a budget of USD 150 billion is required to reach the MDG of halving poverty by 2015; the annual amount of USD 25 billion would be sufficient to eliminate hunger and malnutrition as well as to provide clean drinking water for everyone in the world.<sup>26</sup>

Notwithstanding these issues, churches have tended to approach wealth accumulation with ambivalence. Konrad Raiser (2003) remarks:

"Even though the biblical tradition is more explicit about excessive wealth and ways it can corrupt human community, the Christian churches have been reluctant to address the ethical and spiritual issues related to wealth. In some traditions wealth has been regarded as a sign of divine blessing, often with the implication that the poor are to blame for their poverty. Today, these views are being defended by churches that proclaim a 'prosperity gospel.'"<sup>27</sup>

Jesus opts for the lost one. He invites himself to the house of Zacchaeus. "I must stay at your house today". Why this urgency? There were many others in Jericho who would have wanted Jesus to come to their house. The others around him find it very disturbing that he should prefer the hospitality of a well-known sinner! Does he not understand the kind of person Zacchaeus is?

This is a very peculiar "preferential option", not for the rich and the affluent. It is his preferential option for the one who is lost, regardless of his or her earthly possessions. It is unmerited grace that comes to the house of Zacchaeus. This grace does not worry about the potential of being misunderstood and reviled. Genuine grace has its own results.

Genuine grace has its own results! The study process on poverty, wealth and ecology seeks to address this gap by critically engaging rich people and analyzing structures and methods of

<sup>23</sup> See Christopher Barrett (2003), "The Economics of Poverty and the Poverty of Economics: A Christian Perspective," Cornell University Department of Applied Economics and Management Working Paper No. 2003-15, p 14.

<sup>24</sup> See Stockholm International Peace Research Institute (2006), *SIPRI Yearbook 2006*, Oxford University Press: Oxford, retrieved from <http://yearbook2006.sipri.org/>.

<sup>25</sup> See UNDP (2000), Human Development Report 2000, UNDP: New York and Geneva.

<sup>26</sup> Ibid.

<sup>27</sup> See Michael Taylor (2003), *Christianity, Poverty and Wealth*, APRODEV and WCC: Geneva.

wealth creation. The main challenging questions to be addressed are: **What is wealth and what motivates human beings to accumulate more wealth than what they really need? What concrete examples of enrichment practices can be given? Should there be a limit beyond which the accumulation of wealth becomes greed and is no longer ethically and socially acceptable, i.e. a ‘greed line’? When is wealth a blessing and when is it a curse? How can wealth be shared equitably within countries and globally? How realistic is it to talk about an economy of ‘enough’? What lessons can be drawn from the radical spirituality and contentment of many indigenous and rural communities? To what extent does wealth creation produce environmental destruction? Why is this discussion necessary at all?**

### **Poverty and impoverishment**

“Poverty is pain; it feels like a disease. It attacks a person not only materially but also morally. It eats away one’s dignity and drives one into total despair” (a poor woman from Moldova, 1997).<sup>28</sup>

Poverty is arguably one of the most studied problems in the world we live in. According to the World Bank (2005), nearly half (45%) of the world’s population or 2.8 billion people live below the ‘poverty line’ of USD 2 a day; and around 1.1 billion people barely survive on less than USD 1 a day.<sup>29</sup> Even though global poverty incidence<sup>30</sup> appears to have modestly declined from 1990 to 1999, much of the decrease is accounted for by only two Asian countries: China and India.<sup>31</sup> The most recent assessments indicate that the world is far from being on track to achieving the objective of halving poverty by the year 2015 under the Millennium Development Goals (MDGs).<sup>32</sup>

The vast majority of poverty studies rely on monetary measures, yet there is growing recognition that poverty is not only a matter of deficiency in income. The UN Beijing Platform of Action (1996) states that:

“Poverty has various manifestations, including lack of food and productive resources sufficient to ensure a sustainable livelihood; hunger and malnutrition; ill health; limited or lack of access to education and other basic services; increasing morbidity and mortality from illness; homelessness and inadequate housing; unsafe environments; and social discrimination and exclusion.”<sup>33</sup>

In the words of the Nobel Prize laureate in economics, Amartya Sen, poverty can also be seen as a lack of entitlements of the poor. These include the entitlement to basic goods, for instance by

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<sup>28</sup> See Deepa Narayan (2000), *Voices of the Poor: Can Anyone Hear Us*, Oxford University Press: New York.

<sup>29</sup> See World Bank (2005), *World Development Indicators Online*. It should be noted, however, that the World Bank’s methodology for defining a ‘poverty line’ has been strongly criticized (see Richard Anker (2006), “Poverty Lines Around the World: A New Methodology and Internationally Comparable Estimates,” *International Labour Review* 145, pp, 279-305).

<sup>30</sup> Global poverty incidence is the proportion of poor people to the global population.

<sup>31</sup> See Jan Vandermoortle (2002), “Are We Really Reducing Global Poverty,” UNDP Bureau of Development Policy Paper.

<sup>32</sup> See UN (2007), *Millennium Development Goals Report 2007*, UN: New York and Geneva, retrieved from <http://www.un.org/millenniumgoals/>.

<sup>33</sup> See UN (1996), *Beijing Platform of Action*, UN: New York.

earning a good income; the entitlement to land, and to public provisions for health and education; and the entitlement to make free use of the services of nature like water.<sup>34</sup> If these entitlements are diminishing, we can speak of impoverishment.

Which ever way poverty is defined, social hierarchies based on gender, class, race, ethnicity and caste further shape the experience. Women, for instance, systematically fare worse than men in terms of manifestations of poverty as well as in enjoyment of entitlements.<sup>35</sup>

Poverty is essentially a historical human construct, not a destiny. Its immediate causes are multifarious, ranging from poor governance to cultural factors.<sup>36</sup> However, poor people place particular emphasis on their lack of participation in socio-economic policy-making and limited access to, ownership and control over resources, especially in the context of globalization:

“To peasants and fisher folk, poverty means tilling the land of a landlord for the rest of your life and your family’s. Poverty means having no land to till since the land is converted into golf courses, sub-divisions or plantations. Poverty means diminishing catch because mangroves are converted into fish and prawn farms...foreign large-scale fishing operations took over the fishing grounds.”<sup>37</sup>

Poverty is strongly linked to the environment. Poor people’s dependence on pastures, fishing grounds and forests for their livelihoods, food, medicine, and fuel make them especially vulnerable to the degradation, depletion and appropriation of natural resources.<sup>38</sup>

If the roots of the poverty problem lie mainly in unjust and unsustainable methods and structures of wealth creation and distribution, then it becomes patent that the crisis cannot be resolved by a limited focus on promoting economic growth as proposed by mainstream economists. Rather, this builds an irrefutable case for the design and implementation of redistributive and social policies at the global and national levels such as: effective taxation on wealth and movement of financial capital, land reform, technology transfer, subsidies on basic commodities and socialized health and education systems. The New Economics Foundation (2006) convincingly argues that income redistribution is substantially more successful in reducing poverty than economic growth:

“...The rate of poverty reduction achieved between 1981 and 2001 could have been achieved through the redistribution annually of just 0.12% of the income of the richest 10% of the world’s population.”<sup>39</sup>

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<sup>34</sup> See Amartya Sen (1981), *Poverty and Famines: An Essay on Entitlements and Deprivation*, ILO: Oxford University Press.

<sup>35</sup> See Oxfam (2003), “How Does Poverty Relate to Gender Inequality?,” retrieved from [http://www.oxfam.org.uk/what\\_we\\_do/issues/gender/poverty.htm](http://www.oxfam.org.uk/what_we_do/issues/gender/poverty.htm).

<sup>36</sup> For a more detailed discussion on the causes of poverty, see Michael Taylor (2003), *Christianity, Poverty and Wealth*, APRODEV and WCC: Geneva.

<sup>37</sup> Ibid.

<sup>38</sup> Organisation for Economic Cooperation and Development (2001), “Poverty, Environment, and Gender Linkages,” Pre-print of DAC Journal 2 (10).

<sup>39</sup> See New Economics Foundation (2006), “Growth isn’t working: The unbalanced distribution of benefits and costs from economic growth,” retrieved from <http://www.neweconomics.org/gen/uploads/hrfu5w555mzd3f55m2vqwty502022006112929.pdf>, p. 21.

Nonetheless, income transfers alone will not eliminate poverty and social exclusion, necessitating fundamentally pro-poor and ecologically-conscious transformations in our economic institutions and systems, not least a shift in understanding and a better appreciation of the non-market value of social relations and natural resources.

In contrast to wealth and enrichment, churches have long considered tackling poverty a moral imperative. Traditionally, churches have responded within the framework of charity: giving handouts of food, clothing and money; offering pastoral care; providing disaster relief and health and education services.<sup>40</sup> More recently, churches have begun to focus on advocacy work: raising awareness, speaking out and organizing campaigns around issues related to poverty.

As mentioned in previous parts of the paper, there is already extensive research and literature available on the definition of, causes of and proposals to overcome poverty. The unique contribution of WCC's study process on poverty, wealth and ecology, will be to respond to the following questions: **How is poverty produced by methods and structures of wealth creation and by exploitation of the environment? What does this mean for the development of policies and actions that will genuinely address the problem? What examples can be shown both nationally and locally on diminishing entitlements for the poor? What can churches do beyond charity work and what should be the focus of their advocacy work?**

#### **Ecological debt<sup>41</sup>**

**Conversion and Reparations:** That Jesus should go to Zacchaeus is a remarkable turn – indeed a scandalous “diversion” for the self-respecting citizens of Jericho. But the story does not end there. His friendship for Zacchaeus provokes another drastic turn: a conversion that is good news indeed!

Zacchaeus announces that he will give half of his goods to the poor. He adds: “and if I have defrauded anyone of anything, I restore it fourfold.” This sounds spectacular and completely unrealistic to us, that a man would deprive himself of all his belongings!

Now, it must be understood that according to the laws of those times, a fourfold restoration was required. The explanation is that the interest that was demanded by tax collectors and money lenders was often so excessive that it amounted to up to 100%, or more. This may sound exorbitant to us since we – many of us living in richer nations already complain about much lower rates in our own countries. However, if you look at the inflation of debts imposed on so many countries in the so-called Third World, the practice of the Roman tax collectors does not look extraordinary at all. One could easily give examples of debts that have risen so steeply because of inflated compound interests. A fourfold forgiveness of the original debt would not appear to be exaggerated at all. Again, the goal is to restore the full business capacities of the defrauded parties, not to give them alms. Justice is something radically different from charity. Does the story of Zacchaeus, then, have a lesson for contemporary policies regarding debt relief?

<sup>40</sup> See Michael Taylor (2003), *Christianity, Poverty and Wealth*, APRODEV and WCC: Geneva.

<sup>41</sup> For a more detailed introduction to ecological debt, see Athena Peralta, ed. (2006), *Ecological Debt: The Peoples of the South are Creditors, Cases from Ecuador, Mozambique, Brazil and India*, WCC: Quezon City.

The really new thing that Zacchaeus announces is his decision to give half of his goods to the poor. This was not in the laws or practices of his time, and it is not in the laws of today. We can see this as a practical example of the basic law of the Torah: love your neighbour as yourself. So you share with that neighbour half of what you have.

The story of Zacchaeus is remarkable because it talks about reparations – reparations as a consequence of God’s grace, of sincere repentance and a complete change of heart. Hence this is a story of costly grace.

A story about costly grace! Billions of dollars in financial debt are being claimed from many countries in the South at huge cost to the latter’s peoples. While the problem of financial debt has been on the international development agenda for at least three decades, ecological debt is a relatively new concept which has received sparse political attention.

Accion Ecologica (2002), an Ecuadorian environmental non-government organization defines ecological debt as:

“...the accumulated, historical and current debt, which industrialized Northern countries – their institutions and corporations – owe to the countries of the South for having plundered and used their natural resources, exploited and impoverished their peoples, and systematically destroyed, devastated and contaminated their natural heritage and sources of sustenance...Industrialized countries are also responsible for the gradual destruction of the planet as a result of their patterns of production and consumption, and environmental pollution that generates the greenhouse effect.”<sup>42</sup>

From the above definition, several things can be gleaned. First of all, countries can be in a debtor-creditor relationship on the basis of transactional or ecological relations: Northern countries are primarily debtors and Southern countries and peoples are primarily creditors when seen through the lenses of ecological debt. Second, the accretion of ecological debt is not ahistorical: it can be traced back to the early period of colonialism. Third, the concept is about consumption and production patterns that have adverse ecological impacts. The global average ecological footprint – an approximate measurement of human impacts on the environment calculated by estimating the land and marine area required to sustain a population – is presently at 2.2 hectares.<sup>43</sup> This is 20% higher than the Earth’s bio-capacity of 1.8 hectares. Some countries use vastly more hectares to meet consumption: the US average is 12.8 hectares per capita.

Ecological debt is closely related to financial debt in at least two ways. For one, obligations to pay external financial debt have resulted in an increase in ecological debt owed to many countries in the South.<sup>44</sup> Through Structural Adjustment Programmes and the Poverty Reduction

<sup>42</sup> See Aurora Donoso (2002), “An Alliance to Stop the Destruction of Southern Peoples’ Livelihoods and Sustainability, speech delivered at the Indonesian People’s Forum, 24 May-05 June, Bali, Indonesia.

<sup>43</sup> See Global Footprint Network (no date), “The Ecological Footprint: Tracking Human Demands on Nature,” retrieved from [http://www.footprintnetwork.org/documents/Ecological\\_Footprint.pdf](http://www.footprintnetwork.org/documents/Ecological_Footprint.pdf).

<sup>44</sup> See Joan Martinez-Alier et al (2003), “Ecological Debt-External Debt,” retrieved from [http://www.cosmovisiones.com/DeudaEcologica/a\\_alier01in.html](http://www.cosmovisiones.com/DeudaEcologica/a_alier01in.html).

Strategy Papers, Southern countries are pressured through loan conditionalities, trade agreements and other mechanisms to export products in order to service their debt and interest payments. That is, these countries are required to produce surpluses (i.e. production greater than domestic consumption) often to the detriment of communities, workers and the environment. Southern exports – especially resource-intensive products – remain highly undervalued because the pollution caused, for instance, by extraction and by land clearing, are not accounted for in their prices. Ecological debt is directly related to financial debt in that many huge infrastructure projects in the South are financed through external lending by international financial institutions with little consideration of their social and ecological consequences.

On these grounds, the process of recognizing ecological debt entails, first of all, the cancellation of the financial debt held by Southern countries which was incurred under illegitimate circumstances and has, in any case, been paid many times over.

Against this backdrop, the study process on poverty, wealth and ecology aims to create awareness, stimulate discussion as well as strengthen the process for recognition of ecological debt by disseminating research analyses among churches and building networks between churches, communities affected by ecological debt and movements working on the issue. It is envisaged that this will lead to a discussion at the WCC Central Committee in 2009 and the issuance of a statement on ecological debt.

The basic research questions to be tackled in this area include: **How do corporations (in pursuit of profit) create ecological debt through their production methods? How do consumers contribute to ecological debt through lifestyles governed by materialism and greed? What are the ecological footprint measurements of rich and poor people? How can ecological debt be redressed? What should be the role of churches and the ecumenical family?**

### **The theological imperative**

According to the Christian tradition, justice for those on the economic margins of society and care of life and all creation are the principal yardsticks by which all economic and political systems, institutions, policies and behavior must be tested. The bundle of metaphors one finds in the brief encounter Jesus has with the rich man Zacchaeus places the discussion in context – the grace of God demands conversion, transformation, reparation and a changed personal lifestyle.

Reflecting on the complex relationships between poverty, wealth and ecology, churches are called to bring ‘the good news to the poor’ and to speak prophetic truth to the wealthy and powerful: that God wondrously and lovingly created a world with more than enough resources to sustain generations upon generations of humans and other living things. That it is God’s will on earth that all people, regardless of class, gender, religion, race, ethnicity or caste, enjoy the fullness of life in harmony with each other and nature. That the mindless production and excessive consumption of individuals, corporations and countries – in the face of, open neglect for the basic needs and right to life of many people and the continuous desecration of the environment – is morally untenable. Redistribution and re-investment in the common good become the ethical imperative, as it did in the life of Zacchaeus. Counting one’s ecological and

economic footprint needs to be followed by repaying one's debt to community and the greater community of life.

Moreover, the scenario of global inequality and injustice imperils God's vision of peace. In the current era marked by terrorism and the 'war against terror,' we are beginning to comprehend that, in part, violence stems from the infliction of misery on others by depriving them of material goods and dignity. Making the links between poverty, wealth and violence is of importance: there can be no peace without economic justice. It is in this vein that the IEPC process seeks to enrich the theological discourse on poverty and wealth.

Serving and witnessing to God entails working for transformations in the prevailing unjust economic and political orders at the global, national and local levels as much as in our churches and personal lives. Perhaps the main challenge for us, as churches, is to take on the critical task of lifting up, observing and promoting a range of practices and models of radical solidarity with 'the least of our brethren.' The gospel challenges Christians to accompany and defend the poor in their daily struggles for life and human dignity. The gospel also explicitly urges Christians to embrace a spirituality of radical sharing of resources in order to do justice to the poor. Needless to say, these basic biblical teachings must first and foremost be exemplified by the life and work of churches.

The 1987 WCC consultation on "Koinonia: Sharing Life in a World Community" in El Escorial, Spain reflected on sharing as a way for churches to deal with poverty and wealth:

"We will seek to explore what this call to a living *koinonia* means in our relationship to that One source of our life and to one another. We will seek to explore how our gifts, our resources and our very lives can and have to be shared; we will seek to renew our commitments and make new commitments on sharing. We would hopefully grow into a community of covenanting solidarity accepting the disciplines of a shared life."<sup>45</sup>

Participants to the consultation further stated:

"If in the gathering of our resources, we have been unethical; if, in the holding of our resources, we have been avaricious; if, in the sharing of our resources, we have been power-conscious; if we have denied you by denying others, betrayed you by betraying others, missed you by not sharing ourselves with others, God, forgive us."<sup>46</sup>

The purpose of the consultation, which brought together 250 participants from all parts of the world, was to set in place a discipline of ecumenical sharing and to foster a process of commitment to such discipline. Participants came up with a set of guidelines and committed themselves to sharing life in community. Unfortunately, the commitment remained on paper and was hardly implemented. **What was the problem? Why is it difficult to practice what the gospel calls churches to do?**

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<sup>45</sup> Ibid.

<sup>46</sup> See WCC (1989), "Sharing Life. Official Report of the WCC World Consultation on Koinonia: Sharing Life in A World Community, El Escorial, Spain, 1987," WCC: Geneva, pp. 1-3.

The WCC's study process on poverty, wealth and ecology will engage churches in a theological reflection on the following questions: **Can the sharing of resources among and within churches be revisited and made more just and transparent? Do we have a specific mission and ministry to the rich urging them to share resources, enabling them to analyze their production and consumption practices, going beyond the public relations approach to corporate responsibility and the development of a 'greed line'? What church examples can we share that demonstrate that it is possible to transform present structures that create wealth at the expense of poor peoples and the environment? How can our churches and the ecumenical family at large contribute to developing credible alternatives for wealth sharing? What are the transformative, practical and timely actions that need to be taken by individuals, communities and the churches in dealing with the above questions?**

### **Salvation has come to this house**

As Jesus hears about the plans of his host, Zacchaeus he says: "salvation has come to this house, since he also is a son of Abraham. For the Son of man came to seek and to save the lost." After the announcement of the reparations scheme here Jesus talks about salvation which encompasses the whole life, a wholehearted change of attitude and a new practice.

"You have done the right thing", Jesus says to Zacchaeus. "You are also a son of Abraham. Of course you are! You are part of the covenant. Who would dare deny you that?" So this story has a happy ending.

But some questions remain: what will the people of Jericho say to this? Will they be glad to receive Zacchaeus back into their community? Will they be ready to receive his money and to change their attitudes? Or will they prefer to stay poor and hold on to their contempt?

For receiving such a generous gift, without the feeling of being humiliated even further, is also an act of grace. "Salvation has come to this house", says Jesus. Has salvation also come to Jericho? The story does not tell us anything about it. It is the open end of the Gospel. It is where we come in. What is role will we play? That of Zacchaeus? Or are we Jericho?

### **Study, analysis, reflection and action**

The study project on poverty, wealth and ecology will have three main components, namely: research in conjunction with regional councils of churches; engaging churches; and the establishment of a 'greed line.'

#### **I. Research**

The first part of the project involves the conduct of research in Africa, Latin America and the Caribbean, Asia-Pacific, Europe and North America to discern the relationship between poverty and wealth at national and regional levels. Analyses of ecological debt cases will demonstrate the effects of wealth creation on the environment.<sup>47</sup> In the context of Africa, this study will provide

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<sup>47</sup> See Athena Peralta, ed. (2006), *Ecological Debt. The Peoples of the South are the Creditors: Cases from Ecuador, Mozambique, Brazil and India*, WCC: Quezon City.

materials for the Overcoming Poverty in Africa Initiative under the leadership of the All Africa Council of Churches and accompaniment by the WCC.

## **II. Engaging the churches**

The second part of the project has two components:

- a) Affirming creative actions of the churches by highlighting advocacy and accompaniment to overcome inequality and poverty and reflecting theologically on the lessons learned. The ongoing work with the World Alliance of Reformed Churches and the Council for World Mission on life-giving agriculture as an alternative to corporate agriculture is one concrete example..
- b) Organizing regional church consultations on poverty, wealth and ecology with global inputs. The encounters aim to articulate a theological base for analyzing the links of poverty, wealth and ecology as well as to develop joint strategies for churches to address interlinked issues of poverty, over-abundance, and ecological degradation.
- c) Creating networks and regional movements that will continue the work of monitoring poverty wealth and ecology is another focus of this study. The most important part of the study is to ensure that people on the ground are involved by churches to address the links between poverty, wealth and ecology. Each of the regional consultations will result into an AGAPE regional network on poverty, wealth and ecology.

## **III. Establishment of the ‘greed line’**

The third part of the project will look at different ways by which the ecumenical movement could commit itself to, and get more boldly involved in, developing a ‘greed line’ that will translate the gospel teachings on wealth into concrete and contemporary guidance for Christians. The ‘greed line’ could also serve as an initial step towards developing statistical tools that will allow for a more effective design of redistribution policies. The huge challenge, however, is to reach a consensus on the ethics of contentment and the definition of a ‘greed line.’ The following proposals on categories of ‘greed lines’ could be helpful:<sup>48</sup>

- a) *Absolute greed-lines*. These lines define an income (or property) level which rests on the distinction between abundance and super-abundance. It may be formulated in terms of, for instance, maximum property or annual personal total income.
- b) *Income-ratios*. The base of the ratio may either be the legal minimum income level or an existing poverty line. In countries such as the Netherlands, ratios of 1:5 or 1:6 have been mentioned or proposed.
- c) *Dynamic greed-lines or ratios*. The entry point is not an existing situation, but the dynamic evolution of a person’s income or property. If, for instance, persons or corporations succeed in doubling their income or profits in a systematic way, the suspicion may rise that economic or political power is being used to realize that outcome.
- d) *Lines of categorical types of enrichment*. The lines are related to unethical sources of growth in income or property. Illustrations include speculation (e.g. in currencies), expropriation (e.g. land) and economic power of determining the level of your own income (as is often the case in the bonus systems for managers in multinational corporations).
- e) *Other issue-oriented lines*. These may focus on the environment, e.g. a ‘green line’ or energy quotas per person or nations and ecological footprints to express the over-consumption of rich

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<sup>48</sup> These proposals are based on discussions with Bob Goudswaard.

nations and their citizens who are appropriating more than their fair share of the global commons.

To ensure the smooth implementation of the project, there will be an internationally constituted AGAPE Reference Group on Poverty, Wealth and Ecology composed of not less than 10 representatives from churches and specialized ministries who have expertise in theology, ecology, economics and sociology. It will intentionally include the concerns of women, youth, Indigenous Peoples and people with disabilities. The group will meet twice a year (February and June) and report to the Churches' Commission for International Affairs. It is specifically tasked to:

- a) Advise the WCC on how to implement the project
- b) Plan for the activities under the project including the organizing of church encounters leading to bridge building and theological reflection on poverty, wealth and ecology in the context of the AGAPE process and the IEPC;
- c) Monitor the research on poverty, wealth and ecology that will be conducted for the various regions; and
- d) Monitor the work on ecological debt and assist in the preparation of the statement on ecological debt to be presented at the WCC Central Committee in 2009.

## Annex 1

### Seven- year Implementation Calendar

*2007*

March-May

June 25-26 (Geneva)

Conduct of research on PWE in Africa

PWE reference group meeting to discuss initial findings of research on PWE in Africa and plans for African regional church consultation on PWE in Dar Es Salaam, Tanzania

August 11-18 (Korea)

Africa-Asia ecumenical consultation on Life-giving Civilization

November 5-6 (Dar es Salaam)

African women's, youth and theologians' hearings on PWE

November 7-9 (Dar es Salaam)

Africa AGAPE church encounter on PWE

*2008*

February 21-22 (Geneva)

PWE reference group meeting to discuss research proposal on PWE in Latin America and Caribbean and preparations for the issuance of a statement on ecological debt at WCC Central Committee meeting in February 2009

March – May

Conduct of research on PWE in Latin America and the Caribbean

March 5-10 (Nairobi)

Africa-Asia ecumenical seminar on Life-giving Civilization.

June 25-26 (Geneva)

PWE reference group meeting to discuss findings of research on PWE in Latin America and the Caribbean and prepare for the regional church consultation

November 5-6 (Latin America)

Latin America and the Caribbean women's, youth and theologians' hearings on PWE

November 7-9 (Latin America)

Latin America and the Caribbean AGAPE church encounter on PWE

*2009*

January

Seminars at the World Social Forum

February 21-22 (Geneva)

PWE reference group meeting to discuss research proposal on PWE in Asia and the Pacific

March-May

Conduct of research on PWE in Asia-Pacific

June 25-26 (Geneva)

PWE reference group meeting to discuss findings of the research on PWE in Asia-Pacific and prepare for the regional church consultation

November 5-6 (Asia-Pacific)

Asia-Pacific women's, youth and theologians' hearings on PWE

November 7-9 (Asia-Pacific)

Asia-Pacific AGAPE church encounter on PWE

*2010*

February 21-22 (Geneva)	PWE reference group meeting to discuss research proposal on PWE in Europe, particularly Eastern and Central Europe, and prepare a draft statement for the IEPC in 2011
March-May	Conduct of research on PWE in Europe.
June 25-26 (Geneva)	PWE reference group meeting to discuss findings of the research on PWE in Europe and prepare for the regional church consultation.
November 5-6 (Eastern Europe)	European women's, youth and theologians' hearings on PWE
November 7-9 (Eastern Europe)	European AGAPE church encounter on PWE
<i>2011</i>	
January	Seminars at the World Social Forum and planning on IEPC platform where PWE will be one of the pillars
February 21-22 (Geneva)	PWE reference group meeting to discuss research proposal on PWE in North America
March-May	Conduct research on PWE in North America
June 25-26 (Geneva)	PWE reference group meeting to discuss findings of the research on PWE in North America and prepare for regional church consultation.
November 5-6 (US)	North American women's, youth and theologians' hearings on PWE
November 7-9 (US)	North American AGAPE church encounter on PWE