**BIBLICAL PRINCIPLES ANTIPATHETIC TO THE JOINT STOCK COMPANY**

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**1 Three of Jesus' Principles are Antipathetic to the Joint Stock Company**

The joint stock or limited liability company contradicts three normative principles espoused by Jesus (Beed and Beed, 2010), "principle" meaning a fundamental truth or primary normative element traversing the Biblical text, from which a code of right conduct can be determined. First, the organisation of the joint stock company depends on internal hierarchical levels of control (hierarchy meaning an identifiable graded form of control and authority), with this control pattern deriving from the wealth of stockholders (and directors). Workers within the firm have little say in establishing or articulating this mode of operation (except indirectly via their declining trade unions). They undertake real risk in that their livelihoods depend on their retaining jobs. Authority, ultimately dependent on wealth or capital holdings, is uni-directional from shareholders, to directors, to managers, to workers.

Hierarchical control is antipathetic to God triune's preferred mode of organisation. The Trinity is the example *par excellence* for how work should proceed. It is to be between equals, just as Jesus' model for the church in Matt. 23:8-12 was to be a "communty of equals" (Luz, 2005, p. 110). In at least nine other teachings, Jesus sought to reduce the presence of power, authority and hierarchy within His movement and to encourage egalitarian propensities within it. If this model represents how redeemed organisations should function, then alternative formats to the joint stock company are required. The model implies that God and Jesus want people to devise ways of running collective activity that mitigate the undesirable hierarchical qualities inherent in much current activity. The size and technological complexity of firms need not defeat attempts to mitigate hierarchical control. One model is worker owned and controlled firms (worker cooperatives, partnerships, sole proprietorships). Christian exemplars exist, such as the two Daily Bread Cooperatives in Northampton and Cambridge. High-tech versions also apply, such as (Christian instigated) worker cooperatives in Mondragon (Spain) concentrating on fuel cell and robotics development, and that cooperate with each other.

Second, the joint stock company separates duties of operation from ownership of the company. Once shareholders have purchased their shares, they take little further interest in the company's operations, except to keep an eye on share values, dividends and profitability that is their main form of oversight. Otherwise, shareholder monitoring is of "little practical importance" (Ricketts, 2003, p. 282), and may be discouraged by directors. Despite instances of shareholder revolt, the typical pattern is shareholder passivity. The separation of ownership from control has diluted shareholder' stewardship duty and responsibility, not just toward debt and liability, but to every aspect of the company's operations. Those who own the firm take little interest in the firm's products, its employment qualities, or environmental effects, nor may they be able to do so because of the hierarchical structures under which the firm operates.

This pattern of behavior contradicts Jesus' teaching, as below. Jesus held that ownership of wealth should not be divorced from the duties and responsibilities it entails. Even the non-able-bodied (e.g., pensioners) should exercise an active monitoring in the broadest sense over their invested wealth. Ownership of wealth carries obligations to ensure that owners exercise pro-active proclivities. Thus, Zacchaeus was reminded by Jesus that he had responsibilities to assist the poor with his wealth. It was not a case of Zacchaeus sitting back and watching/contriving his wealth "grow" (an exercise and word much favoured today). In the Parable of Lazarus and the Rich Man, the rich man suffered his fate because he did not assist Lazarus materially. In the Parable of the Talents, the slave assigned one talent suffered his fate because he did not employ it profitably (recognizing that the parable is not primarily about wealth). Further teachings by Jesus point in the direction of wealth holders using their wealth to achieve ends that never included growing wealth *per se* for their own benefit, as might be the case with shareholders today.

Third, the joint stock company historically has acted as a vehicle for consolidating and generating greater inequalities in the distribution of wealth and income. From the time of its inception in nineteenth century England, the distribution of wealth and income was sufficiently unequal to allow mainly the well-off to purchase shares. As Copp (p. 1) notes, joint stock companies have been a major force in generating wealth, some of which has percolated down to those employed in them. Nevertheless, important beneficiaries of this greater wealth have been shareholders, who, in the main, already have been rich, and remain so today. Certainly, shareholding now encompasses a greater proportion of the population than in the past (perhaps 40% in developed countries own shares today). But most shares are still owned by the rich. In the U.S., for instance, the richest 20% of households owned 90.6% of the value of all stocks in 2004, up from 89.3% in 2001 (Wolff, 2007, p. 40), including all forms of stock holdings, from retirement accounts to mutual funds and trusts. These extreme inequalities in the distribution of stockholdings mirror those of wealth and income in general, a phenomenon that Jesus assailed. Every time that Jesus talked about wealth, He required it to be shared with the poor, the net effect of which could only have been to make wealth's distribution more equal than without Jesus' admonitions. This propensity is reflected in at least eleven of Jesus' sayings, such as Matt. 19:21-22, and Mark 10:21. The arguments above do not depend on extrapolating principles from the Old Testament Law, or using its framework as a paradigm for the contemporary world. Jesus' teachings are the criterion.

The Biblically-based objection to the limited liability company is not that shareholders' liability is limited. It is that shareholders have little responsibility for any aspect of the firm's operations, liability included. The entire structure of the joint stock company is organised to remove them from exercising stewardship duties over the company's operations. Principles may have to be qualified in certain circumstances. Thus, if limited liability could be proven to be essential for economic growth (which it has not yet been), then other forms of business accommodating limited liability but more sympathetic to Jesus' principles (even as second bests) do exist. Family ownership can entail limited liability, as can worker cooperatives, 100% employee share ownership companies, commonwealth owned companies (such as Scott Bader), and even partnerships with special legal provision (as per John Lewis). Pay scales within these firms are flatter than within the limited liability company thereby contributing to greater equality in wealth and income distribution.

Limited liability or entrepreneurial risk are not barriers to forming these firms, but "the need to raise the very large sums of capital necessary for major projects" (Copp, p. 18, fn 80). Ways are possible around these constraints. For instance, infrastructure projects were often done by the state in the past. Although private corporations nowadays invest vast sums necessary for such projects, it does not hold that they bear all the risk (often still significantly shared with the state), that the risk is substantial for major investors, or that the projects would not take place without private investment (the state could still undertake them). Nor do pensions for those unable to work require the existence of the limited liability company. Suggesting that economic prosperity in the West has been built on the limited liability company is no more persuasive than asserting that the wealth of ancient monarchical Israel was built on oppression and inequality. Just because limited liability companies have been important generators of wealth does not mean that alternative forms of business organisation more sympathetic to Jesus' principles could not produce comparable results. This is the more likely for the consequence of limited liability corporations is that they still contradict Jesus' three principles above.

**2 Biblical Principles are Robust but not Perfect**

Thus, three Biblical principles above help define the type of work organisation God and Jesus prefer. One is low hierarchy within organisations, two is a marriage of ownership and responsibility especially by the able-bodied, and three is greater equality in the distribution of wealth and income than exists currently. Copp holds that deriving/using Biblical principles in this manner is "flawed." One can agree that any mode of Biblical interpretation is imperfect because of human sinfulness, that the ideas people derive from the Bible, principles included, "are the fallible ideas of men" (p. 10). Copp's criticisms of principles have been debated extensively within theology (a literature not mentioned). The theological conclusions re principles are much more optimistic than Copp's. One judgement (Klein et al., 2004, p. 483) is that "recent evangelical analysis has come to a consensus that the key to legitimate application involves what many writers call "principalizing"', the 'attempt to discover in a narrative [i.e., a text] the spiritual, moral, or theological principles that have relevance for the contemporary believer." Numerous theologians advocate the approach, like Kaiser Jr. and Silva (2007, pp. 92, 325), and Virkler and Ayayo (2007, pp. 194-209), long supported by Marshall (1978, p. 50; 2004, p. 34), and Goldingay (1995, p. 92). Duvall and Hays (2005, p. 21) express it that "many texts in the Bible are specific, concrete, revelatory expressions of broader, universal realities or theological principles," where the principle is "applicable to all of God's people at all times."

That God and Jesus express their normative messages in the Bible in a plethora of ways does not undermine the search for the underlying principles espoused by God triune. God and Jesus do not provide a systematic classification of principles but this is no more surprising than Their omission to present a systemic clarification of what Christian belief entails. The task for humans is to delve into the Biblical text, and by careful exegesis, try to discern what it means for people today. Extensive debate has occurred in theology about appropriate ways to derive principles, but criticisms of the approach do not vitiate it (Beed and Beed, 2011). It can be agreed that "the development of Biblical principles has been insufficiently systematic" (Copp, p. 8), thereby confronting Biblical interpreters with this task. It can also be conceded that instances of deriving/using Biblical principles to date have been insufficiently rigorous. For example, it is not a Biblical principle that "all debts must be paid" (p. 34). Debts were forgiven in the Mosaic Law, and Jesus tells us to forgive our debtors. However, it is possible to point to careful cases of theologians deducing normative principle that are not separated from its Biblical roots. An example is by Forrester (2001) and Bauckham (2002), traversing the Biblical text, deducing that its overall normative thrust is egalitarian (as defined). Economists, unaided by this theological input, such as Griffiths (1984), Hay (1989), and Tiemstra et al. (1990) have contributed to the search for Biblical principles. But to make an assessment of the principle approach requires that the theological literature be addressed as well.

Copp suggests that the possibility of Biblical principles conflicting undermines their discernment and application, that "more complex trade-offs" are required, to "be resolved by a much more sophisticated approach to Biblical analysis" (p. 8). As Hay (1989, p. 77) pointed out, "the possibility of conflicts" does arise "when we come to practical application," but this is a different matter from asserting that principles *per se* may conflict with each other. Even though an order of priority of principles can be derived, this does not suggest that those of higher priority need conflict with those of lower priority. For example, that man is both made in the image of God (higher priority), and also is sinful (lower priority) does not yield two contradictory principles about the nature of man.

**3 Conclusion**

Deriving Biblical principles for application to contemporary economic and social issues is sufficiently robust for the methodology to be accepted widely within Protestant and Catholic theology, and in Catholic Social Thought. Using this methodology, the joint stock company fails three normative Biblical principles espoused by Jesus concerning hierarchy, ownership and duties, and equality, that, collectively, might be designated stewardship. Copp (p. 4) suggests that the principle approach "should either be replaced with a more effective technique or significantly refined," but he does state what this might be. Given that theologians have not come up with more effective techniques but continue to advocate principles, Copp may be forced back to accept the possibility of Biblical principles. Derivers/users of Biblical principles can agree with him that there needs to be "a much more rigorous debate over the true nature of Biblical social principles than the consensus identified shows there has been to date," that "a much more systematic development of Biblical principles" is needed (p. 9). In the meantime, Christians can continue to use the Biblical principles they derive to show the way forward for socio-economic development.

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