EQUITY AND ACCUMULATION – A BIBLICAL CRITIQUE OF RESIDUAL INTEREST

Bruce Gurd
University of South Australia

John Rice
The University of Adelaide

ABSTRACT

This paper takes a Biblical perspective to the accounting concept of equity is a cornerstone of teaching and practice as an essential element in accounting. In accounting, equity is “the residual interest in the assets of the entity after the deduction of its liabilities” (SAC4). While accumulation may be an outcome of hard work, the general thrust of the Scriptures is against the desire to accumulate. Two problems emerge from accumulation. First is a personal problem; Jesus’ teaching suggests that the desire to accumulate earthly riches robs the individual of the desire for spiritual accumulation. The second is the impact on others; for the desire to accumulate for oneself can be to the detriment of the other. We argue that this second problem is prevalent in 21st century capitalism and provides a significant challenge for Jesus’ disciples in business today. The paper suggests solutions both at individual, organizational, and societal levels.

INTRODUCTION

THE CONCEPT OF EQUITY

The Financial Accounting Standards Board of the United States started a conceptual framework project in the late 1970s. This framework was incorporated over time into accounting standards in many countries including the International Accounting Standards, the U.K. Accounting Standards Board and in the formulation of the Australian Accounting Standards. Although claims may be made that the standards are designed to produce objective, neutral information; there is clearly an underlying philosophy to the standards. They are predicated on Western values and the shareholder view of the firm. Claims such as Wyatt’s (as cited by Karim, 2001, p.151) that “the accounting issues in the international arena are not fundamentally different from those in national arenas” has been seriously challenged. The lack of attention to cultural difference has been the focus of authors looking at the standard from an Islamic perspective (Karim, 2001) and a European perspective (Forker and Green, 2000).

This paper extends this critique by using a Biblical perspective of an ideal or model society and its definition of equity. Despite its age, Wright

(1990) argues that the Bible offers both a valid critique and positive model for contemporary society. It is reasonable to posit that at the "level of the transcendent, the moral and the meta-theory, that the root conflicts within accounting and finance lie" (Gray 2002, p.369). Central to this paper is the use of the Judaic-Christian heritage in the Bible to argue against the prevailing Western mode of economic thought. Rather than suggesting that Judaic-Christian values underlie Western accounting approaches, this paper argues that prevailing notions of capitalism and accounting in the West are inconsistent with a Biblical heritage.

The concept of equity is defined in Australian accounting standards as: "the residual interest in the assets of the entity after deduction of its liabilities" (SAC4, par. 78). Thus, equity is not defined independently of the assets and liabilities but is the residual. Essential to the concept of equity is the rights or ownership of this equity. Paragraph 84 states that some party(ies) holds rights over this residual interest. The accounting standards recognise that for a not-for-profit entity there may be no parties who hold ownership of the equity, but in the event of the winding up of the entity there will be some parties to whom the residual interest will be distributed, whether they are donors or other not-for-profit organizations. While the standard gives attention to the possible problems with applying it to different forms of ownership, its authors do not recognise that its assumptions do not fit for an organization whose goal is not accumulation of residual interest for shareholders.

Forker and Green (2000) argue that the International Accounting Standard has produced a shift to the shareholder-based model of the reporting entity. This may work well in a common law country with a particular model of corporate governance, but the IASC has effectively reduced the diversity of models of the entity. This reinforces the issue of the inherent assumptions behind accounting, which can be masked by standard setters as being objective and neutral. Barlev and Haddad (2002) have some optimism that a move to fair value accounting will increase the power of stakeholders other than managers. However, even a shift in emphasis back to a stakeholder perspective of equity does not solve the problems of the capitalist system, leaving the conflict between stakeholders unanswered (Shaoul 1998).

This neutrality is questioned in this paper by going beyond the legal and governance frameworks examined by Forker and Green (2000), to a spectrum of dramatically different perspectives taken from the Bible. This paper contends that the concept of shareholder value is reflected in the accounting standards with a focus on increasing the shareholders equity without necessarily balancing this with the needs of the other. This is not consistent with an ideal portrayed in the Old Testament or with the teachings of Jesus. Material accumulation as a goal can damage one's spirituality. It can also bring harm to others because a stakeholder view is effectively ignored. The focus is on the impact on the self rather than the other.

Here is an overview of the paper. The next section explores the problems of accumulation as explained in Scripture and how some of these problems are displayed in 21st century capitalism. It then provides a review of the concept of Yahweh as the ultimate owner before exploring the Law of Moses to show that the legal code enforced a policy of non-accumulation in which residual interest was minimal. The fourth section demonstrates that accumulation from a human viewpoint was impossible and the only surplus could be developed through a spiritual relationship. The following section shows the failure of the nation to not accumulate capital and to fail to develop spiritual surplus. Western thought has moved back to the idea of accumulation and private wealth. The penultimate section presents some possible solutions to accumulation which is followed by the conclusion.

THE PROBLEM OF ACCUMULATION

It is easily observed that there are many great believers in the Bible who were immensely rich – Abraham, the woman of Shunem, Job, Joseph of Arimathea - to name a few. Wealth was not necessarily an evil. Having taken away Job's great wealth, God blessed him by giving him back even more! (Job 42:12). Wealth as an outcome

Material accumulation as a goal can damage one's spirituality. It can also bring harm to others because a stakeholder view is effectively ignored. The focus is on the impact on the self rather than the other.

of hard work is encouraged (Prov.10:4, 13:4). It can be seen as a blessing from God: "By humility and the fear of the LORD are riches, and honour, and life."[1] (Prov.22:4). The contrary position of indolence is frequently the subject of warning (e.g. Prov.14:23; 24:30-34).

Yet there is no doubt about the problem of accumulation. "How hardly shall they that have riches enter into the kingdom of God" (Luke 18:24) said Jesus. The problem is not money, but the desire to have more. "…the love of money is the root of all evil" (1 Tim.6:10). The desire to have more money is seen by Paul as a destructive force, which causes Christ's disciples to be led away from faith. "For they that will be rich fall into a temptation and a snare, and into many and hurtful lusts, which drown men in destruction and perdition" (1 Tim.6:9).

There are two specific problems of the desire for accumulation. The first, often taught in the Scriptures, is most clearly seen in the teaching of Jesus. The desire to accumulate earthly riches robs one of the energy and direction to obtain eternal riches. The immediate society in which Jesus moved was characterised by enormous disparities in wealth and income (Maynard-Reid 1987). Although there was a large number of poor, Jesus' disciples included four men from successful fishing businesses. Jesus' disciple John owned a second house in Jerusalem and had servants – poverty seems to have not been his experience. In Galilee, where Jesus predominantly moved, there had been a significant improvement in economic conditions (Dimont 1962). Taxation was a critical issue for in Judaea in the south "the last taxable penny had already been wrung out ... by Herod" (Dimont, 1962, p.97) and now "Galilee was ripe for rape by avaricious tax collectors".

Against this social setting, Jesus taught a gospel of accumulation in heaven. Earthly assets were subject to natural decay and theft (Matt. 6:19), but treasure in heaven was untouchable (Matt. 6:20). For these spiritual assets the Father held the equity. Jesus' hearers were asked to make a choice – did they serve God or Mammon? Even taking anxious thought for basic needs was unnecessary for God would provide. For the disciple, Jesus asked them to seek God's kingdom first and "all these things shall be added unto you" (Matt. 6:33). Rather than give in to tendencies to accumulate Jesus challenged his disciples with his own example of an absence of all material possessions (Luke 9:58) and that of John the Baptist (Luke 7:25). Money could be given back to Caesar to whom it really belonged but people created in God's image must give back to Him (Matt. 22:21).

Jesus used parables to denounce the powerful in society, especially the Sadducees, who had used their position to accumulate riches. Perhaps the best known of these parables is the rich man with the barns. This man was unwilling to recognize any equity belonging to God – they were "my fruits" to him (Luke 12:17). But when his life was claimed with less than a day's notice, who would possess the equity in his vast assets (Luke 12:20)? Jesus reminded the people that riches toward God, or in God's possession, were the only riches worth having (Luke 12:21). Even more poignant is the story of the rich young ruler who found the idea of swapping earthly riches for heavenly riches too demanding (Mark 10:17-26).

Even though young, he had become hooked on accumulation of riches, and giving it all away by recognizing that all was of God was too much (Mark 10:21). So Jesus' teaching was to focus on heavenly treasure and God would provide for now: "Seek ye first the kingdom of God and his righteousness and all these things shall be added unto you" (Matt. 6:33).

The second problem of accumulation in the Scriptures is that accumulation for oneself can be at the expense of the other. We would argue that the pervasiveness of this problem is apparent in modern capitalist society. The capital and financial systems of western economies are complex and elaborate, allowing for the exchange of commodities (physical goods and services), monetary representations of the value of these commodities (in the form of currency) and secondary and tertiary abstractions of the value of these commodities in the form of shares, share options and futures.

This capitalist construct of shareholder equity allowed and indeed required, over time, the separation of equity ownership and organizational management. This separation in turn required agency relationships to be developed between equity owners and their employed managers. The focus on the shareholder (or equity owner) as the prime beneficiary of the activity of the organization was seen to keep in check management's guile in accruing benefits to themselves in the exercise of their duty. This focus on the shareholder was, of course, at the expense of a wide and varied array of other stakeholders with a direct or indirect interest in the activity of the organization (Hillman and Keim, 2001).

The shareholder vision of managerial focus, with its pursuit of the singular goal of the maximization of shareholder wealth, has been criticized as amoral and blind to wider social and ethical considerations (Freeman et al., 2004). This unfettered managerial freedom is seen as a means to maximize collective benefit.

Many argue that the resultant system in fact has created an elaborate and complete system to restrict free actions of individuals. Examples include the growth of third-world debt, at the macro level, and widespread and large-scale debt obligations, at the micro-level. This was created by an active and boisterous financial services industry that globally have created a "gilded cage" of choice for individuals whose real options are perhaps narrower than ever in history.

This divide between shareholder and stakeholder perspectives of the management of equity creates markedly different measures of success and thus behavioral outcomes in management. Where organizational success was arbitrarily determined as a function of the increase in shareholder wealth, rapacious environmental business practices and unethical business practices can be seen as both rational and appropriate. When a broader measure of organizational success is developed that incorporates elements of sustainability, fair and positive relationships between stakeholders and open and transparent organizational governance, more positive societal benefits would be expected to emerge.

Gorringe (1994) challenges accepted wisdom as to the appropriateness of unbridled freedom of capital in a world that seeks just and equitable ends. Neo-liberal economics called for the unimpeded freedom of capital to flow to the highest rate of return, as measured by the capital owner and directed by the "invisible hand" of capitalism. Where the outcomes of such investments are detrimental to social outcomes, there is a clear need for subjective intervention in markets to be guided by views defined by ideology.

Capital accumulation required avenues for investment, and one of the more odious forms of investment (from the Christian perspective) is in the area of short-term lending to the poor and the working class at usurious rates of interest (Lydersen, 2003).

The next section demonstrates that from the beginning of Biblical revelation we are presented with the idea of not believing that riches are ours. All is of God and all belongs to Him. This view certainly reduces our desire to accumulate if all is ultimately His.

YAHWEH – THE ULTIMATE OWNER

From the story of creation onwards, the God of the Bible claims absolute ownership of all of His creation. "The earth is the Lord's, and the fullness thereof; the world, and they that dwell therein" (Psalm 24:1). In the book of Genesis, it is noted that Adam and Eve were not given ownership but were offered free access to the garden of Eden to be custodians of the creative work. Even their access to one tree was forbidden – it was God's alone. He gave them every means to do the best to work with His creation. Driven out of the garden, the family of Adam and Eve were agriculturalists, with their son Abel's chosen role of a shepherd bringing him acceptance with God (Genesis 4). So the Jewish tradition is based around God as the ultimate owner: "A man is held responsible for everything he receives … nothing belongs to him and whatever he received he received only on credit" (The Living Talmud as cited by Stabile).

The Bible credits the first ownership to Enoch and his city. In the post-flood epoch, Nimrod is the archetypical accumulator. He had an expansionary policy which included building and controlling cities (Gen.10:8-12). In contrast, the patriarchs of Israel were semi-nomadic, controlling no territory. However, Abraham, their patriarch, did accumulate – the surplus was in "cattle, silver and gold" (Gen.13:2). Here the Biblical record presents this surplus in animals following the Egyptian sojourn as a problem – the cause of the division between Abraham and Lot and the basis of the eventual decline of Lot's family. So in the pre-Mosaic period an interesting dichotomy emerges in the Biblical record. Surplus is either the blessing of God or the unhelpful accumulation of mankind. In the Mosaic era, clear laws would be spelled out whereby the family business would profit from hard work but would not be accumulating assets and increasing equity over time.

MOSAIC VALUES – THE LAND AS AN ASSET

The law by Moses was in a tradition of codification started by the Sumerians. Yet it was unique. "The Mosaic code then was the first truly judicial, written code and eclipsed previously known laws with its all-encompassing humanism, its passion for justice, its love of democracy" (Dimont 1962, p.42). If people were truly made in God's image then how else could society be but equal and equitable, (Johnson, 1987)?

This equality of all members of the nation implicit in the law was seen in a basic set of values that limited accumulation. Accumulation was not an issue because the most valuable asset was land in an agrarian society. As long as land was fairly distributed amongst families (Num.33:54; Joshua 18:1-10) then income inequality and wealth accumulation by a few was not an issue. The initial intention was that there were no liabilities on the balance sheet, and with the only assets being farm animals, stored crops and money gained by surplus production, the residual interest would remain small. As Vos (1999, p.140) observes: "The work or livelihood of the populace consisted essentially of subsistence agriculture and the production of necessities." Sustainable agricultural policies such as leaving the land fallow every seven years allowed the land some natural revitalization, while reducing absolute production in the short-run. While land was equitably shared, the capacity to increase flocks and herds and make a financial surplus stored in money was limited. As Roberts (1898, p.64) notes, there was no 'landed gentry' in Israel for the whole nation was a "territorial aristocracy … They were rooted in the land".

Israel learned that the equity in the land and even in their accumulated assets such as grain and crops really belonged to God (Deut.16:9-12). The firstfruits of the harvest were offered to God to represent His blessing and ownership of the whole. The firstborn of all livestock belonged to God. The tenth or tithe of all crops was given to the Levites, not only to maintain their families but also to show God as the possessor of all things.

Hudson (2000) demonstrates that in the Mosaic Law the logic of clean slates that was a tradition from Bronze Age Mesopotamia became a core value. The logic became clearer when God declared that the jubilee provision was valid because the land was His (Lev. 25:23), the Jews were tenants of God's land. In between jubilee periods, a notional balance sheet would show liabilities and possible negative residual interest for some family farms. This could come about because of poor management – this was anticipated. Borrowing rights were limited to the present value of the land from a point in time to the date of the jubilee (Lev.25:15-16). If a poor Israelite was in debt and the value of the land was insufficient to cover the liabilities then the human capital was used to make up the deficiency (Lev.25:39-46), but not in any form of slavery in relation to people of their own. At the end of fifty years, the land must be restored to the original owners and all debts cancelled. As a consequence the balance sheets of all owners should have again looked similar as the capital base was similar and there would be no liabilities. We have no evidence within Scripture or outside of the level of accumulated wealth may have been held in monetary assets by those who had not become indebted. The net affect of an approach which was not couched in accumulation is noted by Henry (PC Study Bible electronic resource): "that none should grow exorbitantly rich, by 'laying house to house, and field to field' (Isaiah. 5:8), but should rather apply themselves to the cultivating of what they had than the enlarging of their possessions."

Wright (1990) suggests four aims of the jubilee year:

- It protected a certain kind of land tenure where a relatively equitable, rather than equal, structure prevailed.
- It countered the tendency for land to accumulate in the hands of the few.
- It supported the family by not neglecting the economic perspective.
- It acted as a safety valve to release pressure from the poor by at least enabling each generation to clear its debts even though the family member who incurred the debt may never have enjoyed that relief.

The Law of Moses identified potential problems for loss of land and provided counter measures. The charging of interest on any debt could soon erode any small accumulation so interest was not to be raised on the debt if the debtor was part of the nation of Israel (Deut.23:19-20). Title deeds to the assets were relatively flimsy and the shifting of the boundaries was a practice anticipated and prohibited (Deut.19:14, Prov.22:28). Freeman (1972) notes the gradual process by which boundary stones could stealthily be shifted.

From this analysis, it appears that in this agrarian social setting accumulation and growing residual interest were unintended. As Coleman (1990, p.106) notes, they were provided enough to eat their fill. There was not anticipated to be surplus, so God provided extra crops in the 6th year to provide for survival in the 7th. The basic stock of capital goods (land) was expected to remain constant and human capital was not included in the balance sheet. Maintenance of the capital stock and long-term sustainability was aimed for by leaving the land fallow every seven years as well as in the fiftieth year. Any residual from good harvests would be represented by a growth of trading stock such as livestock or a store of value such as money or gold or silver. However, this sketch of an idyllic agrarian society was seldom met and subsequent sections detail some of the failures of the nation of Israel.

It is therefore not helpful to ask what sort of accounting would have been suitable for the small family business structures that pervaded the nation of Israel. Equity is not a useful concept in a socio-economic system where residual interest is not the objective. The desire to accumulate at the expense of the other was not consistent with the society that Yahweh intended for His people.

KOHELETH'S VIEW OF PROFIT AND ACCUMULATION

When Israel moved to a more urban environment, the possibilities and hence the desire to accumulate may have increased. The issue of accumulation is addressed 500 years after Moses by a king in the capital city, Jerusalem, in the book of Ecclesiastes. Koheleth (the preacher) poses the question: "What profit hath a man of all his labour which he taketh under the sun?" (Ecclesiastes 1:3). The word profit has the idea of that which is left over or surplus. Strong suggests that the Hebrew *yithrown* means pre-eminence or gain from the Hebrew root *yathar* which means "to jut over or exceed; by implication, to excel; (intransitively) to remain or be left; causatively, to leave, cause to abound, preserve". Gesenius concurs that the word means gain or profit.

Koheleth experimented in a variety of occupations and entertainment including the accumulation of land, buildings and goods as demonstrated in Ecclesiastes 2. If Solomon is the author (Koheleth) then one of the most notable accumulators in the Old Testament becomes one of its greatest detractors – for in the end there is no profit. His analysis of life from a purely human, rather than Divine viewpoint, was that for all the trading in life's experience there was "no profit under the sun" (Ecc. 2:11). At the end of life there is no accumulated value, and any pleasure is diminished in value by darkness, sorrow and wrath: "And this also is a sore evil, that in all points as he came, so shall he go: and what profit hath he that hath laboured for the wind? All his days also he eateth in darkness, and he hath much sorrow and wrath with his sickness" (Ecc. 3:15-16). This rather dismal view of life is because the writer is speaking of experience "under the sun", bound by human circumstances and unable to reach to the light of the heavens of spiritual thought that would be above the sun. Wisdom does bring a spiritual surplus in life (Ecc.7:12, 10:10[1]), and the book ends with the greatest source of accumulation being to fear God and keep His commandments (Ecc. 12:13[2]). This is the same concept of accumulation that predominates in the New Testament as will be demonstrated later.

FAILURES IN ACCUMULATION

Although the previous sections have demonstrated that the law of the nation of Israel was built on a policy of non-accumulation of material goods and that true accumulation was spiritual, the Old Testament abounds with denunciations of those who were building assets and residual interest at the expense of others. We have argued that the desire to accumulate can produce harm to others. Surprisingly it is Solomon, often believed to be Koheleth, who is blamed for the start of the transformation of an agrarian society to an urban based society (Maynard-Reid, 1987). As Dimont (1962, p. 51) suggests:

> *At the time of Solomon's death the nation was plagued with some of the same social ills which plague nations today – landless farmers, forced labour, unemployment, absentee landlordism, a small class of rich oppressing a large mass of poor. Excessive wealth, then as now, bred vice and corruption, and these, in turn, bred perverted justice.*

The concept of equality of land ownership and therefore the minimization of capital accumulation was continually at risk of avaricious landlords who "join house to house, that lay field to field" (Isaiah 5:8). Amos exposed the huge wealth inequality which saw some with winter and summer houses, large houses decorated with ivory (Amos 3:15) while the poor were sold for a pair of shoes (Amos 2:6). In the rural areas the oppression of the rich was particularly felt (Maynard-Reid, 1987). The loss of Naboth's vineyard to meet Ahab's wants was repeated in history by the rich who lay in bed thinking about depriving the poor of their land. Micah, the country prophet, was particularly conscious of this practice (Micah 2:1-2). The deprivation of land brought about extreme deprivation for there were few other alternatives to making an income without this essential capital. Land was treated as their heritage (Micah 2:2), the indestructible asset to be passed down from generation to generation within the family. Indeed, the strength of the prophets' attack on the dispossession of the poor was that they saw it as so fundamental to the household units and their relationship with Yahweh (Wright, 1990). Even in the post-exilic period there was continuing concern about poverty amplified by the illegal charging of interest (Nehemiah 5). The ideals of the national code of practice under Moses had been lost; and Jesus and his disciples brought their thinking back to see the problem of the desire to accumulate.

KOINONIA – AN ANTIDOTE TO THE DESIRE TO ACCUMULATE

Jesus' strong warning about the dangers of accumulation is picked up by the apostles. Jesus had provided a solution to the desire to accumulate–give it away (Mark 10:17-26). Zachaeus gave up the proceeds of excess taxation as he learned to give, as a disciple. Paul also encouraged the rich not to trust in uncertain riches but to give, for in generosity rather than accumulation would they find true treasure: “be generous and ready to share, storing up for themselves the treasure of a good foundation for the future, so that they may take hold of that which is life indeed” (1 Timothy 6:17 New American Standard). The phrase “ready to share” is a translation of a word drawn from the common New Testament Greek word “koinonia” which means sharing or fellowship. This was the answer to any self-interested spirit of accumulating at the expense of others – to give away to those in need.

New Testament scriptures suggest that post Pentecost the believers did share (Acts 2:44-45). Those who had substantial land holdings sold them and gave the proceeds into a common fund (Acts 4:34-35) with distribution according to need. Ananias and Sapphira attempted this transfer of ownership of their assets but lied in order to appear generous while maintaining some of their earthly assets (Acts 5:1-11). On the whole, the New Testament provides a picture of Christ’s followers trying to emulate his message of living for spiritual treasure, not earthly accumulation. In the next section we demonstrate that the growth of western society saw a drift away from these principles.

A GROWING DIMENSION OF ACCUMULATION IN WESTERN SOCIETY

Historically, property rights first emerged in ancient Greece as a means of protecting family wealth and transferring it between generations within the poleis, or emergent clan-based city states (Pipes, 1999). In similar vein, within the Roman Empire property rights existed first for Roman citizens, acting to emasculate the power of the state. In later iterations, plebeians, slaves and conquered peoples were given possession of land within imperial estates and conquered regions as a means of increasing agrarian production and reducing poverty within metropolitan Rome (Crook, 1967).

After the fall of Rome, Europe descended into a degree of lawlessness and savagery (*vis-à-vis* modern notions of property rights) for the better part of a millennium. The early post-Roman era of the dark ages (500-800 AD) was characterised by the exchange of property as a means of military protection and conquest (Sheehan and Small, 2002). Later, in middle ages Europe (800-1100) there emerged the vicarious role of kings as God’s agents on earth, dispensing (by their self-declared divine right) wealth and entitlement as a natural dispensation of God’s will. Within the feudal structures of the times, wealth was held mainly in terms of land and rights to taxation by both feudal barons and also within Catholic Church structures like monasteries and church estates. While the payment of levies to the church may be equated with the Old Testament concept of tithes, there was a huge difference in terms of the lack of freedom of the serfs to control the property and grow crops as they pleased for the benefit of their family.

As medieval societies developed, feudalism emerged to manage the systems of patronage and power to flow down from kings in early nation states. Within feudal economies, local lords derived income from monopoly licenses, where, for example, certain trades were demarcated for guild members and grain was to be ground at monopoly mills owned by the local lord (Hilton, 1969). In essence, for the greater proportion of the population, feudalism provided a degree of certainty in life, though at the expense of servitude and obedience to an often arbitrary and omnipotent secular authority.

In historical scope, the processes of accumulation of medieval Europe were still in the league of “small change”. Other historical events were to change this in the later period of social and economic development, namely the age of exploration and discovery of the New World (with its concomitant processes of conquest and slave-based agriculture) and, more determinedly, the emergence of large-scale trade and commerce between Europe and the Far East.

The discovery of America by Columbus in 1492 augured in a period of conquest and unforetold accumulation for both the Royal Court (*los Reyes Católicos*) and the mercantilists of Spain. The ransom demanded by Cortés of Montezuma has been described as “beyond avarice”, though Pizzaro’s theft from Inca treasuries soon put pay to that misconception. While the expatriation of these first hordes was difficult, Spain soon had the necessary logistical infrastructure in place to systematically pillage its new territories. The rapid accumulation of monetary wealth by the Conquistadors was indeed without parallel in recorded human history and the gold and other valuables accumulated in Latin America in the first half of the sixteenth century had global implications in both invigorating the European appetite for exploration and imperialism and funding new technological innovations to facilitate these conquests.

The technological developments in transport and communication that facilitated much broader changes in the economic systems of western Europe, in turn, radically changed the processes of wealth accumulation. Cipolla (1994) notes that the growth of trade within Europe and between Europe and its colonies necessitated the emergence of financial infrastructure like banks, credit and monetary exchange. Once again, human ingenuity created new and unintended outcomes from these developments. The "Tulip Fever" of 1620s Holland was perhaps the first recorded example of a speculative bubble market that was to inevitably collapse. Bulbs changed hands many times each day at the zenith of the market, with the first recorded futures markets also emerging to facilitate the negotiation of future transactions in these rare (though not so rare as was perhaps thought) commodities.

Such developments marked a clear departure in the nature of accumulated wealth. The era of trade and commerce made monetary wealth a more true and accurate measure of accumulation that the entitlement to land and taxes that had been prevalent earlier. The emergence of money and credit as the main measures of accumulated wealth also facilitated the emergence of more modern notions of equity and share capital.

Within such a dynamically emergent context, John Locke's 1690 treatise on the role of government and the nature of private property was revolutionary in tone and thought, though essentially reflective of a changing and dynamic social and economic reality. The conception of money and wealth as being essentially state-determined and agrarian in nature was of lessening relevance as the income and accumulated wealth of trade and commerce emerged. As one of the initial systematic theorists in liberalism, Locke was motivated by the proposition that free ownership of private property was a key emancipatory element in the rights of individuals against the State (Kramer, 1997). His thoughts are used today to inspire views of economics that espouse individual liberty against the perceived encroachment of the State (c.f. Friedrich Hayek's treatise on economic liberalism in Hayek, 1991). In a sense we can see the linkage to the Law of Moses where private land possession (under Divine) ownership guaranteed certain liberties and the survival of the family.

Liberalism, in its modern economic guise of neo-liberalism, today holds sway in most western societies and economies (Kymlicka, 1989). The freedom of individuals to buy, sell and own property is the cornerstone of capitalist economic systems, and in most nations the alternative of social and collective ownership and State control of prices and incomes is in terminal decline. It is not surprising then to find an accounting that reflects the current attitude of accumulation. This is the fundamental premise upon which accounting systems are built.

TOWARDS A SOLUTION

We have argued that there are two core problems in the desire to accumulate. The first, that this might rob one of the desire to accumulate true heavenly riches is not subject to human policy controls. This is a matter for the individual to accept the warnings and balance their own life so that the earthly material does not extinguish the importance of the eternal immaterial: "for the things which are seen are temporal, but the things which are not seen are eternal" (2 Cor. 4:18).

Our second concern, that the desire to accumulate may mean accumulation at the expense of the other does require policy change at two levels. At the legal level we would argue that all jurisdictions should move to a legal framework where management is asked to do more than to just maximize profits. In this regard the U.K. has moved to a change in its legal code where the existence of other stakeholders is explicitly recognised. We would argue that this change could be even more explicit. This, however, would bring considerable opposition from agency theorists who continue to argue that management can only maximize on one dimension at a time and this should be profit (Jensen, 2001). Sundaram and Inkpen (2004) have revived this argument as well as their claim that the goal of shareholder maximization is pro-stakeholder, an argument we have suggested that is not difficult to re-but.

For the followers of Christ who own their own business the policy changes are not necessary. For them they can instil a strong ethical basis for the firm which permeates all levels; so that profit-seeking is always moderated by a concern for the impact on others. It might be thought that such an approach might give unfair advantage to its competitors and therefore possibly bring about the demise of its work-force. We remain confident that in many industries it is possible to operate a profitable business that doesn't exploit its workers or damage the community.

The response of academia and the accounting profession should be to expedite a more social and environmental accounting. Despite a call for this move for many years, the impact on the society remains at the periphery of accounting reporting – usually something management can do if they wish – and not a legal requirement. In 1975, Chen (p.542) argued that: "It is the responsibility of the accountant, therefore, to measure, report, and audit management's social performance." In the intervening three decades, little has been accomplished except for a lot more voluntary disclosure. It is time for a more social accounting to be at center stage, so the rights of the other are never excluded in the goal of profit maximization. This would give Christian business people the opportunity to encourage their firms to not forget their obligation to the poor and to temper accumulation with the needs of the other. This change will never bring us back to the society that Moses described in the legal code named after him, but it may well balance accumulation at the expense of the other. In adopting this position Christians might find themselves adopting the same position as the "deep green" environmental accounting academics who might be seeking radical change; yet coming from a different philosophical perspective.

CONCLUSION

This paper has demonstrated that Western accounting standards are consistent with a desire to accumulate. Yet we have demonstrated that the Bible demonstrates concerns with the desire to accumulate and grow residual interest. Equity in society was contrary to the concept of one agrarian family business growing at the expense of another. As Israel moved to an urban setting the stage was set for a more accumulative society. Jesus' teaching was passionately against the desire to accumulate, and Christ's apostles followed this pattern with encouragement for the disciple to be content with material success and focus on the spiritual.

In the Western social and economic environment, what sort of accounting could be developed to solve the problem of morality inherent in the system? At one level we have suggested that a move to a system which implicitly recognizes the rights of stakeholders other than the shareholders would reduce the risk of shareholder accumulation to the detriment of others. At a higher level we would argue that the question really misses the point. The Biblical argument suggests a different society not a different accounting. As Shaoul (1998, p.248) concludes from a completely different line of argument: "The issue is ... whether all economic life is to be run in the interests of the few seeking ever higher profits instead of meeting the social and public needs, not just of this but also of future generations."

The ultimate solution then comes for the authors in beliefs about a better world. The authors admit they have very different beliefs about the end solution for human needs. The first author believes in a restoration of a theocracy on earth centered in Israel, based on those same values of wealth and equity that were found in the Law of Moses. The second author looks to a long-term relationship with God in a spiritual relationship in a different realm than physical earth. Belief systems could indeed lead the authors to abandon any form of activism for reform of society because they have a conviction that a better one will be available anyway. This quietism must be balanced with responsibility for the present world.

More research remains in examining accounting standards against other religious practice. In light of this, should a pressure group for international accounting standards really assume that Western assumptions should be incorporated into one universal set of accounting standards? Couldn't all societies move to a more progressive way to define equity than from an underlying assumption of accumulation for the benefit of the shareholder?

BIBLIOGRAPHY

Barlev, B. and J. R. Haddad, (2002). "Fair value accounting and the value of the firm." Critical Perspectives on Accounting: 1-33.

Cipolla, C., (1994). Before the Industrial Revolution: European Society and Economy 1000-1700; London, Norton.

Chen, R., (1975). "Social and financial stewardship". The Accounting Review July: 533-543.

Chaudhuri, K., (1985). Trade and Civilization in the Indian Ocean: An Economic History from the Rise of Islam to 1750; Cambridge, Cambridge University Press.

Coleman, R.O., (1999) Leviticus in eds. Pfeiffer, C.F and Harrison, E.F. The Wycliffe Bible Commentary, Chicago, Moody Press.

Crook, J., (1967). Law and Life of Rome; Ithaca, Cornell University Press.

Dimont, M. I., (1962). Jews, God and History. New York, Simon and Schuster.

Forker, J. and S. Green, (2000). "Corporate Governance and Accounting Models of the Reporting Entity." British Accounting Review 32: 375-396.

Freeman, J. M., (1972). Manners and customs of the Bible. Plainfield, New Jersey, Logos International.

Freeman, R., Wicks, A., & Parmar, B., (2004). Stakeholder Theory and "The Corporate Objective" Revisited. Organization Science, 15(3): 364-369.

Godfrey, J., Hodgson, A, and Holmes,S., (2000). Accounting Theory. Brisbane, John Wiley & Sons Australia Ltd.

Gorringe, T, (1994). Capital and the Kingdom: Theological Ethics and Economic Order. Orbus.

Gray, R., (2002). "Of messiness, systems and sustainability: towards a more social and environmental finance and accounting." British Accounting Review 34: 357-386.

Hamid, S., Craig, R. and Clarke, F., (1993). "Religion: a confounding cultural element in the international harmonization of accounting." Abacus 29: 131-148.

Hayek, F., (2001). The Road to Serfdom: Routledge (UK).

Henry, Matthew Commentary. Electronic resource within PC Study Bible for Windows version 1.7

Hillman, A. & Keim, G., (2001). Shareholder value, stakeholder management, and social issues: what's the bottom line? Strategic Management Journal, 22(2): 125-139.

Hilton, R.H., (1969) The Decline of Serfdom in Mediaeval England. London, Macmillan.

Hudson, M., (2000). Reconstructing the origins of interest bearing debt and the logic of clean slates. Debt and Economic Renewal in the Ancient Near East. M. Hudson and M. Van de Mieroop.

Janzen, W., Old Testament Ethics: A Paradigmatic Approach.

Jensen, M.C., (2001). "Value maximization, stakeholder theory and the corporate objective function". Journal of Applied Corporate Finance 14: 8-21

Johnson, P., (1987). A history of the Jews. London, Orion Books.

Karim, R. A. A., (2001). "International accounting harmonization, banking regualation, and Islamic banks." The International Journal of Accounting 36: 169-193.

Kramer, M., (1997). John Locke and the Origins of Private Property: Philosophical Explorations of Individualism, Community, and Equality. Cambridge, Cambridge University Press.

Kymlicka, W., (1989). Liberalism, Community, and Culture: Oxford University Press, USA.

Lydersen, K., (2003.) <http://www.thecritical-voice.com/payday.html>, accessed 23 February, 2003.

Maynard-Reid, P. U., (1987). Poverty and wealth in James. Maryknoll, New York, Orbis.

Pipes, R., (1999) Property and Freedom; New York, Alfred A. Knopf.

Rawls, J., (1997). The Idea of Public Reason Revisited. The University of Chicago Law Review, 64(3): 765-807.

Roberts, R., (1898). The Law of Moses, Birmingham, U.K., The Christadelphian.

Shaoul, J., (1998). "Critical financial analysis and accounting for stakeholders." Critical Perspectives on Accounting 9: 235-249.

Stabile, S.J., (2005). "Using religion to promote corporate social responsibility". Wake Forest Law Review 839-901.

Sundaram, A and Inkpen, A., (2004). "The corporate objective revisited" Organization Science 15 (3): 350-363

Vos, H.F., (1999) Nelson's New Illustrated Bible Manners and Customs: How the people of the land really lived Nashville Tennessee, Thomas Nelson.

Wright, C. J. J., (1990). God's people in God's land: Family, land and property in the Old Testament. Grand Rapids, Michigan, Eerdmans.

[1]All references are from the King James Version unless otherwise stated.

[2] Koheleth again uses the word yithrown but this time in a spiritual dimension as an outcome of wisdom.

ABOUT THE AUTHORS

Dr Bruce Gurd is PhD Director, International Graduate School of Management and Deputy Director (Cross-cultural Management) at the Centre for Asian Business, University of South Australia. His PhD is from the University of Adelaide.

Dr John Rice is a Senior Lecturer at the University of Adelaide's Business School. His research and teaching spans the areas of management, innovation and strategy. He has post-graduate degrees in industrial relations, business administration and education, and his PhD (from Curtin University of Technology) was in the field of strategic management.

All correspondence to the first author
GPO Box 2471, Adelaide 5000,
South Australia, Australia