

Contracts and the Destructive Effects of Unfaithfulness

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What goes wrong when God's ways are ignored or violated? In particular, what goes wrong in business practice when people do not follow the eighth commandment, "You shall not steal" (Ex. 20:15)?

From his experience at CoorsTek, Inc., and Community Uplift Ministries, a public charity, John Coors has provided three cases that illustrate the vital role of the eighth commandment.

Background

CoorsTek is a privately owned custom manufacturer of ceramics and other high-tech products (<http://www.coorstek.com/about.asp>). It has a statement of core values that reflects concern for faithfulness:

In everything, we do to others what we would have them do to us
We do what we say, and say what we mean
We create outstanding value for our customers
We work together to make our company the best²

A second company, Community Uplift Ministries, founded by John Coors, was started to implement the Circle of Light program to provide a sustainable supply of modern energy to rural Africans.

What happens when people try to follow values like these and engage in a world whose values may violate God's standards?

Part I: Three Cases

Here are three cases from actual business practice.

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- 1 Both authors have been over this whole paper. But John Coors has primary responsibility for the case studies (Part I), and Vern Poythress for the theological and ethical analysis (Part II). Bible passages are quoted from the English Standard Version (ESV).
 - 2 <<http://www.coorstek.com/about/vmv.asp>>, accessed 2011 Jan. 25. The webpage includes along with a statement of values the company "Vision" and "Mission."

Case 1. Foreign agents and governments not dealing squarely

Community Uplift Ministries partnered with a Kenyan Christian organization for a nonprofit program in Kenya. Following five years of collaborative work, the Kenyan "partner" decided to take over the program and all its assets, with the attitude "It is a good thing to steal from the West. They owe us." Once program support was cut off, the program quickly collapsed. The result was the failure of seven years development work, millions of dollars lost and 100,000 people defrauded and discouraged. The Kenyan government was asked to intervene on behalf of the donors. The response from the Kenyan government to this was "tough luck." Because John participated with a venture that claimed to be a Christian ministry, the name of Jesus was sullied. It was said, "If this is what Christians are like, we want no part."

Case 2. Contracts

CoorsTek had as their largest customer a company that wanted them to sign a global supply agreement. CoorsTek would not sign because they could see there were provisions in the contract that they would not be able to fulfill. The customer maintained, "Well, just sign it, because no one cares what it says, and we won't enforce the contract anyway." The customer threatened to replace CoorsTek as a supplier if they would not sign the agreement. (And the customer had backing in his experience dealing with other companies. All the competitors of CoorsTek were willing to sign.) Five to six years time and considerable back-and-forth negotiation was necessary before a contract was produced that CoorsTek could enter into, fully prepared to live by its terms.

John Coors reflects more broadly:

We often compete with companies that promise customers what cannot be delivered, either by selling what they cannot make, or pricing in such a way as knowingly to lose money to get the business and eliminate the competition. After eliminating the competition they plan on raising prices and more than recouping their loss. This is a very typical business practice out of Asia (Japan and China), although the Japanese seem to be improving in this area. CoorsTek will normally lose this business rather than chase it, but at a significant loss. More often than not, our customers will return, because they know (or learn) they can trust us, but there is significant damage done to both parties. The "professional buyers" at large companies encourage these kind of tactics from suppliers because they are rewarded based on the price they pay for a part, not on the value a part provides. That is one of the reasons a one-dollar part can be responsible for the failure of a multimillion dollar piece of equipment

Case 3. Purchase agreements and paying suppliers

Standard agreements specify that the customer receiving goods must pay his supplier

within a certain period, typically 30 days. Customers unilaterally extend the length of the period and delay payment, or sometimes do not pay at all or only after lengthy negotiations. Oftentimes they withhold payment until after the quarter or the year ends, allowing them to show to public markets artificially inflated cash balances. These practices get especially tested when times get harder. In short, actual practice of customers renders the contractual terms (30 days) meaningless.

Meanwhile the supplier suffers. The supplier has spent money for materials, labor, plant maintenance, and so on. He is being charged for the capital invested during the whole time while his customers are delaying payment. The charge comes either in the form of interest on a loan, or the unavailability of the expected money to use for further investment. If the delay is severe, and money does not come in return for what he has supplied, he can even be forced into bankruptcy.

Part II: Theological and Ethical Analysis

Ever since the fall of man into sin and rebellion (Genesis 3), we have been in flight from God and have been practicing ways of excusing ourselves. The Bible is a realistic book in depicting the record of sin through the centuries, even sin in the midst of God's own people, in the Old Testament and in the New. Over 2000 years ago, Amos and Proverbs indicted those who use two sets of weights, one in buying and the other in selling, so that they surreptitiously gain extra profit (Amos 7:5-6; Prov. 11:1; 20:10).³ James indicts exploitative business practice (James 5:4). Sin penetrates and corrupts every area of life, including our dealing with money, profit, success, and business. God sees injustice in business and pronounces it "an abomination" (Prov. 20:10).

Background of God, man, and the world God has made

Modern "shady" and unscrupulous business practices typically assume that God is irrelevant, absent, or nonexistent. Even people who consider themselves "religious" may in practice confine their religion to Sunday or to some narrow sphere of life. They tell themselves that "Business is business." They mean that they adopt a different set of rules in the business world than what their conscience would dictate in another context. Or they say, "Everyone is doing it," more or less the way the customer in Case 2 excused an unreasonable contract. It is "typical business practice," the Asian businessman may tell himself in Case 2.

God is not mocked (Gal. 6:7). Even within this life, God frequently brings consequences for secret sins. "Whoever walks in integrity walks securely, but he who makes his ways crooked will be found out" (Prov. 10:9 ESV). "The righteous is delivered from trouble, and the wicked walks into it instead" (Prov. 11:8). We can see a degree of

³ The *Westminster Larger Catechism*, Answer #142, includes "false weights and measures" among the sins forbidden by the eighth commandment.

operation of such consequences in the second case study. Customers end up coming back to a company that deals honestly, because they gradually learn from experience that they are better off. But justice within this life is very uneven. Sometimes customers learn. But even these instances take time. Moreover, the Kenyan government did not bring justice in Case 1. The Kenyan partner "got away with one."

The Bible proclaims the reality of final judgment, when *every* sin and *every* injustice will receive due judgment at the hand of God: "he will judge the world with righteousness, and the peoples with equity" (Ps. 98:9; see Rev. 20:11-15). "... he [God] has fixed a day on which he will judge the world in righteousness by a man whom he has appointed; and of this he has given assurance to all by raising him from the dead" (Acts 17:31). The "man" of whom this passage speaks is Jesus Christ, who is not only the final judge but also the unique savior. We need to be saved not only from consequences of our sins within this world, but from the impending wrath of God. God himself has provided the one remedy through Christ.

Those who come to Christ in faith come to him as Lord as well as Savior (Rom. 10:9). He is Lord, meaning that we must obey him. So a follower of Christ needs to turn away from his sins, in the realm of business as well as every other realm. This deliverance is actually the one stable rock on which to build sound business practices (Matt. 7:24-27). Yet even people outside Christ can have a sense of their moral obligations and do external good. We can be thankful for all those whose business practices conform to God's standards, even if it is only because they are guided by a broad cultural atmosphere that has been touched by the influence of Christian faith or by common grace that God gives to people who are still in rebellion against him.

Business practices involving contracts take place in God's world, and so they are answerable to God. In particular, they are responsible to the eighth commandment, which says, "You shall not steal." The Kenyan example (Case 1) is a particularly egregious case of just running off with the money--it is stealing. But contracts also come under the scope of the eighth commandment, because contracts spell out legal obligations in matters of property. Contractual unfaithfulness is a form of stealing. The *Westminster Larger Catechism* rightly includes among the violations of the eighth commandment "injustice and unfaithfulness in contracts between man and man."⁴ Contracts also involve a verbal dimension, and so they bring us into interaction with the ninth commandment, "You shall not bear false witness against your neighbor" (Ex. 20:16). The immediate focus of the ninth commandment is on bearing witness in a court case. But contracts are made partly in case they come to court. They are serious. And the implications of the ninth commandment extend out quite broadly. God is a God of truth, and so he wants us to honor him and reflect his character by practicing truth in our lives. This principle is pertinent to Case 2. We cannot promise what we cannot give, even if we are assured that our promise will not be "enforced."

Analysis of business values

Now let us begin to analyze the challenges that arise in business practice. First, let

4 The *Westminster Larger Catechism*, Answer #142.

us look at the "values" that CoorsTek has set forth. Those values resonate with biblical principles in a number of ways. The first principle is "... we do to others what we would have them do to us ." It is a reiteration of the Golden Rule, which comes from Jesus (Matt. 7:12; Luke 6:31).

The second principle is "We do what we say, and say what we mean ." The principle of telling the truth is deeply embedded in the Bible (Ex. 20:16; Prov. 12:17-20; Matt. 5:33-37; Eph. 4:25).

The third principle is "We create outstanding value for our customers." This principle is really a positive rewording of the principle, "You shall not steal." Positively, you look out for the good of your neighbor, who in this case is your customer. You provide "outstanding value," so that both seller and customer should be satisfied that the product is worth what is paid for it.

The fourth principle is "We work together to make our company the best." We strive for excellence, in order that God may be glorified, and our Master may say, "Well done, good and faithful servant. You have been faithful over a little; I will set you over much. Enter into the joy of your master" (Matt. 25:21).

The the core values of CoorsTek express biblical principles. We should be glad when we see such principles expressed, whether the principles are written by people who get their instruction directly from the Bible, or whether they come from a broader atmosphere, the influence of what we have called "common grace." People in their conscience know about the standards of God, even though their conscience is not infallible and can be distorted by sin. This inner knowledge from conscience can become embodied in the policies of companies and their customers. It is a benefit from God.

Broader implications of the eighth commandment

Other sessions for our conference on business ethics will delve more into the rich implications of the eighth commandment for business practices. But it is worth underlining some of this richness when we analyze the three cases we have set out above. The eighth commandment originated when God spoke to the people of Israel at Mount Sinai (Ex. 19-20). It was not just an impersonal moral rule or an arbitrary invention or a cultural convention. Rather, God spoke. And when he spoke, what he said expressed his character. God is a God of truth, and so he commands us to be truthful in the ninth commandment. God is the owner of the whole world, and he gives as gifts whatever we have. So God calls on us to respect human ownership, which is derivative from and reflective of God's original divine ownership. God's ownership is thus the foundation for the eighth commandment.

People may for awhile respect human ownership after they have managed to suppress and "forget" God's original ownership. But human ownership then no longer has a solid foundation. Why should I respect what someone claims to be his own, if the claim is merely his personal opinion or a social convention? And why may I not go along with the crowd if a general disrespect for ownership of property creeps in? We will consider later on the importance of a larger cultural atmosphere.

So the eighth commandment comes in a context where God's will defines its

scope and purpose. We do not have the right to re-interpret and re-define it according to our own selfish desires. This principle is relevant for business, where each party is tempted to define moral standards in his own favor.

Moreover, the eighth commandment has positive implications for looking out for what is due to others.⁵ For example, the Mosaic law has a specific provision telling people to pay what they owe:

The wages of a hired servant shall not remain with you all night until morning (Lev. 19:13).

You shall not oppress a hired servant who is poor and needy, whether he is one of your brothers or one of the sojourners who are in your land within your towns. You shall give him his wages on the same day, before the sun sets (for he is poor and counts on it), lest he cry against you to the LORD, and you be guilty of sin (Deut. 24:14-15).⁶

The provision in Deuteronomy 24 speaks specifically of a laborer who "is poor." This statute might not seem to apply to the case of modern companies and corporations. But it is quite relevant to Case 3. In Case 3, the supplier depends on the customer for payment--he needs the payment. The broader principle, behind the specific provision in Deuteronomy 24, still requires that the customer be timely in his payment. Otherwise, the word "oppress" is appropriate.

Leviticus in the context of chapter 19 specifically sets the principle of payment in the context of larger principles of justice. Look at the whole passage:

11 "You shall not steal; you shall not deal falsely; you shall not lie to one another.

12 You shall not swear by my name falsely, and so profane the name of your God: I am the LORD.

13 "You shall not oppress your neighbor or rob him. The wages of a hired servant *shall not remain with you* all night until the morning.

14 You shall not curse the deaf or put a stumbling block before the blind, but you shall fear your God: I am the LORD.

15 "You shall do no injustice in court. You shall not be partial to the poor or defer to the great, but in righteousness shall you judge your neighbor (Lev. 19:11-15).

Verse 11 begins with the a repetition of the eighth commandment: "You shall not steal." It thus indicates that Verse 13 concerning withholding wages is intended to be seen as an implication of the eighth commandment. It also puts the eighth commandment together with the ninth ("you shall not lie to one another") and the temptation to deceit

5 See the *Westminster Larger Catechism*, Answer 99, #4: "[in interpreting the Ten Commandments] That as, where a duty is commanded, the contrary sin is forbidden; and, where a sin is forbidden, the contrary duty is commanded. Also, Answer #142, "The sins forbidden in the eighth commandment, besides *the neglect of the duties required*, are"

6 See also James 5:4.

("you shall not deal falsely"), both of which address business practices.⁷

Verse 14 talks about sins that are not likely to be caught. The deaf person cannot hear your curse; the blind cannot see the stumbling block or who put it there. In these case it superficially looks as though you can "get away with one." Likewise the Kenyan "partner" must have felt that he could "get away with one." But God's response is, "You shall fear your God: I am the LORD." The obligations for contracts are ultimately set in the context of God himself. God sees and hears, though the blind and deaf do not. He is to be feared because he is a righteous judge. He will judge the world in righteousness (Ps 96:13). He is the LORD. We are meant to relate to him in his whole character.⁸ And the way for such relationship has been opened to us through Christ the Savior.

In the USA and other well-developed market economies, we deal with corporations. It is easy for people to want to rip off a corporation, because, they tell themselves, it is rich and does not need what it has. They tell themselves that corporations are unscrupulous and so they deserve it. In addition, a corporation is impersonal and it will not matter. But it does matter to God. And as we shall see in our further reflections, a wide-spread breakdown to moral conviction destroys business. Vern Poythress has seen retail chain stores go out of business in circumstances in which he suspected they were being ripped off by their own employees carting away goods or stealing time, and by shoplifters who were "sticking it to the man." The businesses did not survive, and the neighborhood then suffered from being deprived both of their services and the opportunities for employment.

The failure to carry through principles

Even if we have before us admirable values like those that CoorsTek has put in place, challenges remain. It is one thing to express values in conformity with God's standards. It is another actually to practice them. Not all companies that have "values" are trustworthy companies. The Bible complains repeatedly that the Jews honored the law with their words but failed in their deeds: "You who boast in the law dishonor God by breaking the law" (Rom. 2:23; see Matt. 15:8). An individual or a company can pretend to be upright in business practices, and loudly proclaim its honesty, only in order to deceive more effectively those whom it will exploit. John's "partner" Kenya (Case 1) claimed to be Christian in spirit. This claim was only part of the game of exploitation.

We also must deal with circumstances where there may be no pretense of uprightness. People may admit, either to themselves or to others, that they are entering a relationship only for their own benefit. Some of the Kenyans doubtless admitted later on that they were ripping off the West.

Consequences of evil

Evil has consequences. We have mentioned the final judgment of God. But

⁷ See *Westminster Larger Catechism*, Answer #142, "fraudulent dealing," "all other unjust or sinful ways of taking or withholding from our neighbour what belongs to him."

⁸ See *Westminster Larger Catechism*, Answer 99, #2: "That it [the law] is spiritual, and so reacheth the understanding, will, affections, and all other powers of the soul; as well as words, works, and gestures."

consequences work themselves out even within this world. People who plan evil can fall into their own pit: "He makes a pit, digging it out, and falls into the hole that he has made" (Ps. 7:15; see Prov. 26:27; 28:10; Eccles. 10:8). "Such are the ways of everyone who is greedy for unjust gain; it takes away the life of its possessors" (Prov. 1:19). We can see the operation of this principle in Case 2. The businesses who promise what they cannot deliver eventually get a reputation for not delivering. Their customers may wake up and search for someone they can trust. The greedy business may go out of business. But what if no honest business is available, because a whole culture has gone corrupt? Then the culture as a whole may spiral downward.

The principle of consequences is also operative with the making of unreasonable contracts, mentioned in Case 1. Time and money and opportunity were wasted through the customer who proposed the unreasonable contract. Unfortunately, the waste also effected CoorsTek, because they had to spend more time and money and lose opportunity through the back-and-forth negotiations that eventually led to something reasonable.

The principle is a general one. The person who wants to behave with integrity in business is still hurt by people who are operating with less worthy principles. Such people waste time and money and energy and opportunity. But the atmospheric effects are even worse, because the multiplication in numbers of unscrupulous people poisons the whole atmosphere for business. Why start a business as an entrepreneur if you must repeatedly confront the prospect of being ripped off? And if you are ripped off too many times, the company cannot be a financial success, and it has to close. All prospective customers then lose the opportunity to receive the company's services and products.

We can see large-scale effects in a situation like Case 1 in Kenya. A cultural atmosphere encourages people to excuse false dealing with Western companies. It goes through people's minds, "Everyone is doing it." People may think, "This is our country, and we have a distinctive allegiance. We are justified in not extending loyalty to Western companies, because Western colonialism has exploited us and impoverished us." Whatever may be the details of excuse-making, such an atmosphere bars the door to business. It takes away the incentive for any Western country to try to help in Kenya. Everyone in the country, good or bad, suffers effects corporately and nationally from this kind of atmosphere. There may indeed have been colonial exploitation in the past, but the desire to strike back at the West is also a desire for injustice to pay back previous injustice, and its reaps consequences in the form of prolongation of misery.

The Kenyan government did not enforce a contract with a Western company. The loss in Case 1 was catastrophic: millions of dollars and 100,000 people defrauded and discouraged. But this is only one case. More ominous still is the perpetuation of a pattern. Western companies soon learn that they cannot do business in Kenya. Neither can Kenyans benefit from any of the positive business developments that might follow. How many more millions of dollars have been lost, and how many more hundreds of thousands of people discouraged, because of projects that never got started? They never got started because the Kenyan government and the atmosphere of ripping off the West have closed the door.

Atmospheric effects extend even more broadly. A wide-spread attitude of ignoring or violating the eighth and ninth commandments encourages everyone in the culture to

fall in with the attitude. There is pressure from peers: "My son, if sinners entice you, do not consent" (Prov. 1:10). Even citizens of Kenya who might want to start new businesses cannot trust an atmosphere that excuses injustice, favoritism, and deceit. What if they become the next object of the same exploitation?

Business cannot function and flourish without the practice of justice and a cultural atmosphere that affirms justice. A business cannot make money when its customers do not pay (Case 3). People find it difficult to take initiative and improve their property if the government makes it too difficult for them to obtain property to which they have a clear title, property for which the government will defend the rights. The consequence is that business in a whole country may become problematic. As a result, there are few businesses within the country, and these struggle if they are trying to be honest. Other businesses may thrive because they receive government favoritism. But the thriving is then a thriving for the benefit of a few rather than serving every customer. The nation reaps cultural disaster.

USA and Western world

We might be tempted to think complacently, "At least the problem is in other countries." The most severe problems are typically found in countries like Kenya whose industrial and business development is not robust. But what about Japan and China? Japanese practices have somewhat improved, according to Case 2. But Japan and China show us that unethical practices can crop up even where business development is already in motion. And what about the USA? Case 2 and Case 3 belong to the USA. Here as well as overseas businessmen can experience the temptation to do whatever they can "get away with."

In our cultural atmosphere as a whole, confidence about the presence of God, the coming judgment of God, and the validity of the Ten Commandments is gradually evaporating. But the problem is even deeper and broader than general cultural conviction. Within business there is pressure for performance, particularly financial performance, and that pressure frequently takes the form of demanding performance *regardless of moral principle*.⁹ Pure pragmatism comes in: whatever works is OK. This pure pragmatism can then be excused by the motto, "Business is business." Pressure to perform and the temptation to bend to the pressure is always there. God have mercy on us; Jesus, revive our hearts and the hearts of many in our culture.

Conclusion

Evil produces damage, and the damage spreads. "Like a roaring lion or a charging bear is a wicked ruler over a poor people" (Prov. 28:15). "A ruler who lacks understanding is a cruel oppressor, but he who hates unjust gain will prolong his days" (Prov. 28:16). "When the righteous triumph, there is great glory, but when the wicked

⁹ See *Westminster Larger Catechism*, Answer #142: among the sins are "covetousness; inordinate prizing and affecting worldly goods; distrustful and distracting cares and studies in getting, keeping, and using them."

rise, people hide themselves" (Prov. 28:12).

Sin has corporate consequences on a neighbor, a city, a nation. Business does not work without the foundation of God himself. And the real God of the universe is the God who reveals himself in the Bible, not a god as we might imagine him to be, a god who overlooks sin and winks at unscrupulous business. God who is righteous is our foundation; but business in practice will not flourish unless God is known among people. Business does not flourish without respect for the eighth commandment in the consciences of the multitude, both inside and outside business.

Response

How do we respond? Should we just get more and more depressed by the prospect of cultural disintegration? We should be depressed if we expect merely human technique and human problem-solving and three-step remedies to pull us out of the mire. The mire at the bottom of our difficulty is the mire of human sin--people in flight from God. But that bottom-layer corruption does not get acknowledged very often. One part of our cultural atmosphere is an attitude of self-help and technical "fixes." We will have a better set of company values. We will train our sales negotiators more effectively and make them more winsome. We will train our executives on how to recognize bad deals. We will get better laws from the government.

Yes and no. Technical improvements do have value. But we must face the fact that the deepest remedy is spiritual, and that such a message does not find ready acceptance with the glitzy side of modern culture. We must come to Christ to be reconciled to God. And the name of Christ does not find ready acceptance in our postmodern pluralism, which would prefer a bland talk about spirituality.

Biblically based ethics requires a response that is robust enough to interact with the full dimensions of moral challenge. Moral challenge confronts us in three interlocking dimensions: in our attitudes and motives; in the standards that we follow; and in our reckoning with the situation.¹⁰

First, moral action includes attitudes. It is not enough to "go through the motions" of adhering to God's law in outward forms. If you do not literally steal, but try to trap people into business deals that work in ways that undermine their well-being, your attitudes show deviation from God's ways. Moral action must be serving God, not merely conforming to God's commandments as if they were rules detached from the God who speaks them and whose character they reflect. We must seek God ourselves, and we must encourage others to seek him personally, not merely to "behave morally." We must encourage others to do the same.

Second, moral action includes adherence to God's standards, not merely standards that we make up or that society makes up or that we change when convenient. Even if a whole society endorses violations of the eighth commandment, the commandment

¹⁰ These three elements correspond to the three perspectives on ethics worked out by John Frame in *The Doctrine of the Christian Life* (Phillipsburg, NJ: Presbyterian and Reformed, 2008). The perspectives in question are called the personal perspective (focusing on attitudes), the normative perspective (focusing on God's standards), and the situational perspective (focusing on the situation in which action is about to take place).

remains as a standard. We must articulate a stance differing radically from the moral relativism and pragmatism that crops up today.

Third, moral action thinks wisely about the situation. The atmosphere of moral decay or of pragmatism or of lack of integrity in customers and businesses matters because it is part of the situation to which we must respond. We must try to find wise ways to act that encourage societies and cultures as a whole to turn in godly and pure directions. At the same time, we must be realistic about cultural influence, and not think of ourselves more highly than we ought (Rom. 12:3). God may or may not put us in a position where we can have serious cultural influence.

We must be aware of the ways in which sin infiltrates even Christian people and the church. We can make excuses for sleazy behavior (we at most call it "sleazy," not sinful). We can be oblivious to the pressure for "performance" that confronts businessmen.

We must be "wise as serpents and innocent as doves" (Matt. 10:16). One side of this principle is that we must be wise as serpents. With the Bible to equip us with a knowledge of sin, we must steel ourselves to detect and resist unscrupulous practices from suppliers, customers, and employees. We must not be naive. On the other hand, we must be innocent as doves. We must speak truth and respect others' property. We must not use the jungle-like character of some of modern business as an excuse to adopt the ethics of the jungle ourselves. May Christ through his resurrection power empower us to new living.

We must pray. We must ask God to bring justice, not only in governments and in nations, but in companies and in individuals. We must work for justice through being just in our dealings. "May the God of peace who brought again from the dead our Lord Jesus, the great shepherd of the sheep, by the blood of the eternal covenant, equip you with everything good that you may do his will, working in us that which is pleasing in his sight, through Jesus Christ, to whom be glory forever and ever. Amen" (Heb. 13:20-21).