

Living for Tomorrow's World – Global, Green, Greedy?

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1. Introduction

The topic of this morning's lecture is hugely challenging. I have been asked to draw on my experience and economic analysis to explore the current crisis in Ireland and globally and the tensions that exist for Christians in formulating a response based on Gospel hope. No small task then!

In this talk I will try to do a number of things. Firstly, I am going to briefly lay out the context both here in Ireland and internationally. (You will be glad to hear I won't spend too much time on this as we are hearing it every day on the news, but a few facts help!) I will then pose the question of where the root of this crisis lies, before looking to the Gospels for inspiration. I will finish by making some proposals on what all this means for us, as Christians, living in these turbulent economic and environmental times.

2. A Multi-dimensional Global Crisis

I don't really need to remind you that since last September, the international banking system has gone into free fall, with many well known banking institutions having to be bailed out or guaranteed by governments. Within those institutions there are still so called "toxic assets" - astronomical sums of money that will never be recovered. Given the scale of the problem, the market system has failed and governments throughout the world – as the primary guarantors of social stability - have been compelled to step in to address the issue.

At a macro level, some things can be done quite quickly to address the challenges. Much can be done to reform the gaps in global economic governance: reform of global institutions such as the World Bank and IMF; better cooperation on tax havens; combating the risks of protectionism. Yet each of these requires political will, and history has shown that fundamentally, this is both a political and a moral crisis.

The speed and depth of this financial crisis has led some to dub the last few years as the "Goldilocks Economy".¹ People were living in a fairytale world... believing that the money creating machine could last forever so long as they made sure the porridge was 'not too hot or not too cold'. Like in the fairytale, however, Goldilocks got a rude awakening when the bears came home to find her asleep. A similar tale could be told in relation to the collapse of the financial sector.

The next related crisis is, of course, the economic crisis. The money supplied through the financial system is like the life blood of the economy – and what was initially a problem of liquidity in the markets has quickly translated into a crisis in the real economy: not only is it affecting banks, but it is pulling down real companies and putting people out of jobs. It is resulting in growing insecurity of those in jobs, resulting in lack of confidence in the future. The result is that nobody is spending anything and we are caught in a spiral.

But the global economic crisis is much deeper than this. Just prior to this economic collapse we saw some of the biggest spikes in resource prices ever. That spike in basic commodities: food, minerals, and oil reflects the fact that the planet is nearing its limits to growth. The food crisis and the financial crisis are linked – they are actually like two sides of the one coin. The shift of land

¹ ELLIOTT, L and D ATKINSON, 2009, *The Gods that Failed: How the Financial Elite have Gambled Away our Futures* (Vintage, London).

away from food to other commodities has pushed up the price of food and left many countries poorly equipped to deal with the global recession.²

The third related crisis is the growing environmental crisis. All of us are well aware by now by the reality of climate change and the growing threat this poses to life on our planet. The economic model we have which is based on fossil fuels is fundamentally unsustainable. The basic premise of consumer waste as the motor for growth is also fundamentally flawed.

Finally, there is a growing social and political crisis. In many ways, this is the greatest threat we face in the light of this global financial crisis. With rising unemployment in a world of extreme inequalities, but rapid communications, these other crises are leading to old ghosts returning to the stage of world politics: talk of nationalism (Irish jobs for Irish people), the politics of identity, protectionist policies.³ In this atmosphere, the propensity to point fingers and find scapegoats on racial or other grounds is very real. The universal human rights of the 1 billion people who are living on less than €1 dollar a day, moreover, are being sidelined. There is no more talk of 'make poverty history' – but rather of saving our own skins.

3. *The roots of the crisis in Modernity*

The crisis we are facing today, in many ways is predictable and has been apparent for a long long time. John Maynard Keynes, in the immediate post-war, first predicted such a collapse of the global financial system. Since then, many have pointed out the fundamental unsustainability of the global economy as it is. I remember when I was at school back in 1987 and the findings of the Brundtland Commission of the UN came out. The report 'Our Common Future'⁴ was a landmark publication which set out the very real social, economic and environmental crisis the planet faced. I was so shocked by the findings I went out and bought the special issue of Scientific American on Saving the Planet. I read it from cover to cover. The basic report stated that in order to sustain Western levels of wealth at those levels, 10 planet earths would be needed. The point is that we already know many of the answers. In the west we need to dramatically change our consumption patterns. We need to become more sustainable.

So where is the roots of this crisis? How did we manage to get ourselves into this situation? At the centre of this crisis there is a much deeper philosophical problem that dates back to the Enlightenment and modernity. I would like to mention three gentlemen whose big ideas have something to do with where we are now.⁵ Their names are Charles Darwin, Adam Smith and Albert Einstein.

I've been very struck recently by all the publicity around the 200th Anniversary of Charles Darwin's birth. The newspapers, museums and television have been full of commemorative articles and documentaries. Many have been fast to draw attention to the controversy between Darwin's theory of evolution and Christian faith. Nobody however, seems to have made the link between Darwin's theory of natural selection and the current economic crisis we are facing.

The repercussions of Darwinist thinking, however, go well beyond the natural sciences. Social and economic theories have been hugely influenced by the theory of 'natural selection'. Economic selection has become a prevailing doctrine within free market economies. One of the most influential economists, Milton Friedman, explicitly refers to the 'economic elimination of the unfit'. It is quite ironic that in this anniversary year, the international financial system founded on this

² See article by Shattuck, A 2008, *Financial Crisis and the Food Crisis – Two Sides of the One Coin* <http://www.stwr.org/food-security-agriculture/the-financial-crisis-and-the-food-crisis-two-sides-of-the-same-coin.html>

³ CABLE, V, 16th October 2008, The Rise of Economic Nationalism, Article in *New Statesman*. <http://www.newstatesman.com/business/2008/10/economic-nationalism-state>

⁴ World Commission for Environment and Development, 1987, *Our Common Future*, (Oxford University Press, Oxford). <http://worldinbalance.net/agreements/1987-brundtland.php>

⁵ It is not my intention in any way to apportion blame to these individuals – far from it. My aim is to demonstrate the power of their ideas and how the mis-interpretation of ideas has contributed towards the current crisis.

seductive, yet overly simplistic notion of human-economic relationships, is falling around us like a pack of cards.

It is a fallacy based largely on a misguided understanding of the nature of the human person and how they act in economic situations. The idea that 'self interest' alone can be the guiding hand of the market. This theory was first muted by an 18th Century Scottish philosopher and economist, Adam Smith, who said that: "It is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their own interest. We address ourselves, not to their humanity but to their self-love, and never talk to them of our own necessities but of their advantages."⁶ In other words, self-interest is the over-riding principle within economic transactions. This principle gave rise to the basic founding principle of economics, the notion of *homo oeconomicus* – the rational economic man who bases decisions purely on self-interest.

It is widely acknowledged that at the heart of this collapse is under-regulation. Another way of looking at it, however, is to say that there was a misplaced belief that the market would look after itself. Deep down, it is founded on the notion of the natural order of things, combined with the belief in rational self-interest. Any interference with that order would do more harm than good. Yet where does that apparent natural order lead to?

4. *The peak of human evolution?*

The fallacy of this natural order has been exposed spectacularly. The massive bail out of banks has proved that markets fail if they are based on the profit motive alone – and that such failures have dramatic consequences well beyond the reach of those who perpetrated the acts. If we were to go by the Darwinist/Smith model, Gordon Gekko (the infamous financier from the film Wall Street) who said "Greed is good" would represent the peak of human selection, the perfect *homo oeconomicus*, the top of the human food chain so to speak! Yet the dramatic fall from grace and the outrage at the amorality of financiers perhaps most graphically illustrates the sheer nihilism of this way of thinking. John Maynard Keynes put it even more bluntly: 'Capitalism is the astounding belief that the most wickedest of men will do the most wickedest of things for the greatest good of everyone.' We do, in fact, live in the most credulous of ages.

The irony in this is all too clear, and I'm sure Darwin and Smith would turn in their graves if they knew how their theories have been misinterpreted. Indeed, if we look to nature, we see that the complex web of life that exists is as much about collaboration, symbiosis, as it is about survival of the fittest. In fact, survival is as much about learning to co-exist in harmony and knowing your limits as it is about competition to the death. I am a great lover of nature programmes and was very struck by a recent documentary about Yellow Stone National Park. The programme highlighted how the memory problems of a particular bird helps the pine trees to flourish. The bird buries over 50000 pine seeds a year in neat groups of 10. The bird only remembers 70% of where the seeds are, meaning that the other 30% can grow into pine trees! This struck me as a perfect example of cooperation in nature.

Like wise, Adam Smith too is often misinterpreted. If you go back to his books, it is obvious that he was very aware of the difference between self-interest in the broad sense of the word and narrow selfishness. His notion of self-interest is rooted in a theory of moral sentiments that is underpinned by 'sympathy' for the other. It is now widely accepted in the literature that the economy in fact, hangs together on an intangible element called trust. That trust can only be formed by honest, trustworthy relationships or 'relational capital'.⁷ The formation of such honest relationships require a much deeper understanding of human beings than the atomised *homo oeconomicus*. The economic literature on this is widespread.⁸

⁶ SMITH, A (1981) *An inquiry into the nature and causes of the wealth of nations* (Indianapolis: Liberty Classics).

⁷ GUI, B (1996) On 'relational goods': strategic implications of investment in relationships *International Journal of Social Economics* 23 (10/11): 260-278.

⁸ PELLIGRA, V, 2007. "[Intentions, Trust and Frames: A note on Sociality and the Theory of Games](#)," [Working Paper CRENoS 200702](#), Centre for North South Economic Research, University of Cagliari and Sassari, Sardinia.

Yet the current crisis poses an extraordinary dilemma. If economic Darwinism is dead, if the invisible hand has failed, then what will replace it? The proposal is for better regulation of the global financial markets. This is absolutely part of the solution. I agree we need better regulation, more transparency. But is a new regulatory environment enough? Solving the problem by pouring in more debt so that we can sustain the existing levels of consumption seems like madness!

It was another great thinker, Einstein, who said that a definition of insanity is to do the same thing over and over again expecting a different result. He also said that the significant problems we have cannot be solved at the same level of thinking with which we created them. The solution to our economic problems will not be found within economics. We almost need to forget the economy! To find solutions we need to step outside the prevailing doctrine and introduce a new element. As Christians, surely that new element needs to involve re-looking at our faith?

To some, this may seem an irrelevance. What have prayers to do with the economy? Religion is surely a matter of personal taste. But the profound relationship between religious values and economics dates back to the very beginning of economics in ancient times. Indeed, the Greek word for economy, *oecumene* is the same root as the known universe, household, and ecumenism. Great scholars, such as Max Weber, have been fascinated by the notion of a 'Protestant Work Ethic' and used it to explain why the industrial revolution took off in certain countries and not others.⁹ More recently, controversial scholars like Michael Novak have argued that there is a 'Catholic Work Ethic'.¹⁰ Many others, like Schumacher, focused their work on Buddhist economics.¹¹ All point to the fact that economic categories are both created by humans and are become reflections of human values and behaviour. No matter how immutable they seem, there is nothing static or deterministic about them – they can be shaped.

5. *Gospel Inspiration*

So if we look to the Gospel for inspiration, what does it tell us? We can't tell immediately from the Bible how we should run our economies. The word economy as we understand it doesn't appear once in the Bible! The Church, in its social teaching, is very clear about the importance of professional competence in the various areas of modern life. But it also urges that all of these areas are illuminated by the Gospel. Yet what the Gospels do present to us is a radically different image of what we could arguably call the 'most evolved man' to the one offered by the economics of 'natural selection' or *homo oeconomicus*. Indeed, you might even say it is the antithesis.

It is an image of a broken man hanging on a tree; a man who sacrifices his own life for his friends; who has no possessions; who is abandoned by those whom he trusted. It is a man who has been sold for 40 pieces of silver. Yet it is also a man who is rich in integrity, in virtue, in humanity and in compassion. Who finds it within himself to forgive his killers and the thieves alongside him. It is a man who, whilst being divine, took on human frailty.

Have we even begun to uncover the depth of this paradox of the forsaken Christ? It is a profoundly uncomfortable image. 2000 years after Christ, this image is still a scandal and flies in the face of a consumer culture where success is measured on the size of your wallet, the clothes you wear, the car you drive, the holidays you have. It is an image which continuously calls us back to those words: "Take up your cross and follow me".

If we look deeper at Jesus' life, we discover that he had a lot to say about wealth, poverty, debt. He talks of the choice we have to make between following him and the allure of material riches. When a rich young man wants to follow him, we are told that "Jesus looked at him and loved him. "One thing you lack," he said. "Go, sell everything you have and give to the poor, and you will have treasure in heaven. Then come, follow me." (Matt 19:21). The young man went away sad as he was a man of great wealth.

⁹ WEBER, M (1958) [1904-5] *The Protestant ethic and the spirit of capitalism* Translated by Talcott Parsons (New York: Scribners).

¹⁰ NOVAK, M (1993) *The Catholic ethic and the spirit of capitalism*, (New York: Free Press).

¹¹ SCHUMACHER, E F (1973) *Small is beautiful* (London: Abacus).

When he begins his public life, he talks of choices. In one of his most powerful statements, he tells us straight off that "no servant can serve two masters. Either he will hate the one and love the other, or he will be devoted to the one and despise the other. You cannot serve both God and Money." (Luke 16:13)

Jesus also teaches us that there are things in life that are far more important than economic affairs. The one passage where we see Jesus responding violently was when he threw the sellers out of the temple. We are told that he "overturned the tables of the money changers and the benches of those selling doves" (Mark 11:15). He was incensed that the sellers had overstepped the mark between the sacred and the profane.

Jesus is very cautious about taking on debts and talked often in his parables about forgiving those in debt. He reminds us that debts to others are not immutable – but are also subject to the law of love. In the Acts of the Apostles, we are warned to "Let no debt remain outstanding, except the continuing debt to love one another, for he who loves his fellow man has fulfilled the law."

All of this could seem quite puzzling for us living in the 21st century. Why does Jesus caution us against the allure of material wealth? Is it because he is a kill joy and wishes us to live what we would consider quite unpleasant lives, without any home comforts – without recourse to all the medical advances, telecommunications, industrial development. Does he want us to go back to living in mud huts? There is quite a contradiction here. After all, this is the same Jesus who said: "I have come that they may have life, and have it to the full" (John, 10:10). Most of us would consider a full life as one where we are free to develop to our true potential. That potential is bound up in our ability to take part in the economy and society.

If we step back, we can see that at the heart of Jesus' teaching on material riches is not a rejection of wealth itself. God created the world and all the good things in it – so such a rejection would be unthinkable. But rather, it is the place and use of material wealth – and above all how an attachment to wealth can get in the way of our true happiness. That happiness is found in our relationship with Him and with our neighbour. Through filling our lives with so much stuff – we block out the space for God and our neighbours. We focus on 'having' rather than 'being'. Consumption becomes a kind of anaesthetic to the bigger questions in life.

6. *Christians in the 21st Century*

So is it possible, in the modern world and to respond to this Gospel call? Do we have to go off now in sack cloth and give away all our riches? Do we have to set up communities away from mainstream life and reject progress? I don't think so. I would like to propose three concrete ways to address the current crisis based on the Gospel. These are: a counter-culture of sharing, just relationships and growing new institutions.

The idea of the economic and environmental value of a counter-culture of sharing came to me when I was in Rome at a meeting of the Focolare a few years ago. I saw a group of women arriving at the meeting crammed into a tiny cinquecento car. It was quite an amusing sight, but it made me think about an economic equation. Those four people could have made their journeys individually and used four cars. Yet because they knew one another and loved one another, they decided to come together. The more we love, the more we build community, the more we share – the less the impact on the environment. I concluded that building communities based on the Gospel is good for the environment.

This tiny example just illustrates the culture of sharing, or at its deepest level *communion*, is found in the Gospels. It is very simple and begins with love of neighbour. "The man with two tunics should share with him who has none, and the one who has food should do the same." (Luke 3:11). This may sound simplistic, but what if we began to live this in our daily lives – measuring our need by the needs of those around us? It would create a revolution in our local communities, in our towns!

This could give rise to a counter-culture based on the Gospel. Is it possible to choose 'enough' as a lifestyle? These times focus our minds on the true wealth that lies in our communities, which is not dependent on financial resources but on the willingness to partake in the shared life of the community. Those of us who have worked in the developing world know how true this is. It calls on us to rediscover the *power of sharing and gift* as a motor for community renewal. Just think of the resources that could be untapped! In England, a number of Churches have come together to promote this new lifestyle under the banner of Ghandi's mantra: 'live simply so that others may simply live'. It has proved tremendously popular with young people.¹²

This culture of sharing, however, also goes beyond the micro level. It can stretch into official economic policy, for example, in the shape of the welfare state and overseas aid. Such policies, however, also need to be reformed in order to really reflect such values. That is another day's discussion.

As well as reviving – or indeed giving life to – a new culture of sharing, a second proposal is to recognise the many invisible people who are linked to us in our economy. Those people may be hidden from us: we do not see the hands that sewed our clothes in the sweatshop; we do not see the people killed in mining for the gold in my ring; we do not see the financier who has invested our pensions in landmines which are maiming innocent children. Those relationships may span the globe, may reach across many organisations. But the relationship between us is there.

As Christians, our faith teaches us that those people are our brothers and sisters and are infinitely loved by God. Within that relationship, there is a third element – the Creator himself, who has created humankind in his image and likeness. He regards everything done to the 'least' as done to him. He has called us to 'love our neighbours as ourselves'. Living this commandment in a globalised economy where many neighbours are invisible is a huge challenge.

We need to refocus our attention on the centrality of *just relationships*. As followers of Jesus, we cannot wash our hands of the consequences of the economic web of relationships. We need to become mindful of the choices which we make. This has a number of practical consequences as institutions and individuals. Firstly, it calls on us to question our relationship with companies we engage with through our investments? This is a challenge at these times of falling returns, but perhaps this offers us an opportunity to question how our investments are made and whether we, as investors can influence the decisions of the companies and funds we are involved in. Secondly, it calls on us to look at questions of labour and environmental standards of the goods and services we make use of. Nowadays, standards like fair trade are almost mainstream. We need to continue to question and to make choices.

A third proposal is to bring Gospel values to bear through giving rise to new institutions. We need to tread carefully here. As the ecological economist Herman Daly said 'God, like the devil can be used to justify any economic doctrine.'¹³ We need to be very careful in examining the relationship between Christianity and not to fall into the trap of prescribing economic and political models. We are all too aware of this in this Island. But that said, we also need to focus on those proposals and models which best fit Gospel values.

Down the centuries, the Christian churches have shone in times of darkness and many holy men and women, saints and scholars have shaped the economy. They have done so not by focusing on primarily on economics – but by re-affirming through their lives and works the power of the Gospel lived. It is the Gospel which has the power to transform every angle of human existence, including economic relationships. Those lives give rise to new ways of being in the economy which have the power to transform from within.

If one thinks back to the monastic era, we know it gave it rise to the economic lexicon of the commercial revolution in Europe around the first millennium. The Franciscans, whose spirituality is

¹² See www.livesimply.org.uk for more information.

¹³ DALY, H E and COBB, J B (1990) *For the common good* (London: Green Print).

rooted in the virtue of poverty gave rise to the first real school of economic thought. This, in turn gave rise to the categories to interpret the city state society, and subsequently, renaissance society. The Benedictines, with their spirituality based on work and prayer, gave rise to new forms of agrarian organisation.¹⁴

More recently, in the context of the industrial revolution, all sorts of companies are and have been influenced by their Christian culture. One only needs to think of the influence of the Quakers with Cadbury, Rowntree and other major British companies. The Dutch Reformed Calvinism has had a major impact on Herman Miller. The Catholic faith has shaped Mondragon. A similar thing could also be said of other religions. Buddhism has given rise to the Kikkoman Corporation, Parsi has given rise to Forbes Marshall. They have given rise to new economic categories. Every business has to address what moral source has the capacity to create conditions in the workplace to humanize the relationships among people in an economic environment. A simplistic notion of *Homo oeconomicus* just doesn't cut the mustard. The current crisis highlights the truism that without such a moral compass, companies fail.

We should seek to foster new forms of entrepreneurship that are socially and environmentally sustainable. The 'triple bottom line' of People, Profit and Planet needs to emerge as a plausible alternative to the model of capitalism based on self-interest. At times of profound crisis, we need to have eyes to see the green shoots that are emerging and encourage them. This is already happening, but so often we fail to see it or indeed celebrate it.

In my own research, I examined the proposal of an Economy of Communion of the Focolare Movement, a fascinating business proposal that emerges from the Focolare's spirituality of unity. This project started in Brazil in 1991 and is focused on putting the spirituality of communion into practice within the business environment. It now involves around 800 businesses worldwide and has given rise to an emerging school of economic thought. In practical terms the small and medium sized businesses divide their profits in 3 ways: one goes to supporting those in poverty, one is used to promote a culture of sharing based on Gospel values, and a third part is re-invested in the company. The companies also seek to live out a set of business guidelines¹⁵ that aim to balance the life of the company with social and environmental aims. This project demonstrates that it is possible to marry the market economy with an authentic living out of the Gospel message within the business context.¹⁶

7. A Kairos Moment

Our biggest challenge today is one of imagination¹⁷. We need to believe there is another way – and to re-imagine our economy for what it really is, and needs to be: a social space, a place of encounter and community. We need to first and foremost begin to think of the economy as space where our Christian values are lived out rather than hung up on the hook when we take off our coat.

We face, as a country, as a planet, as a human family – a stark challenge. We face a kairos moment for all the Churches. The Gospel here provides us with profound inspiration and light. At the times of greatest fear, greatest uncertainty, we need to trust in God. It is like the apostles on the boat in the ocean in the midst of the storm. Jesus appears to them and says "do not be afraid". What we need most at this point is the courage to be true to Gospel values of faith, hope and love. It is a call to all Christians to come together and give witness that another world *is* possible.

¹⁴ BRUNI, L and A SMERILLI 2008 *Benedetta Economis – Benedetto di Norcia e Francesco d'Assisi nella storia economica europea* (Citta Nuova, Rome).

¹⁵ More information on the Economy of Communion, including the guidelines, is available on www.edc-online.org

¹⁶ For an overview of the Economy of Communion see GOLD, L 2004 *The Sharing Economy* Ashgate; Gold, L (2003) 'The Focolare Movement's economic ethic' *Markets and Morality* Spring; GOLD, L (2003) 'Small enterprises at the service of the poor: the Economy of Sharing Network' *International Journal of Entrepreneurial Research and Behaviour* 9, 5, pp.166-184

¹⁷ This is a topic highlighted in an Opinion Piece in the Irish Times by Professor Ray Kinsella, 11/5/09.