

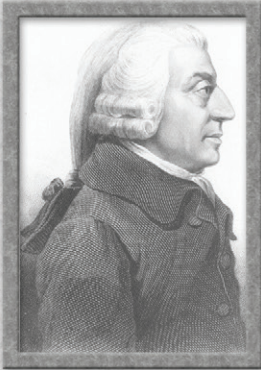


MISSION

ISSUE 4 2014

CATALYST

Intelligent comment on faith and culture



Adam Smith



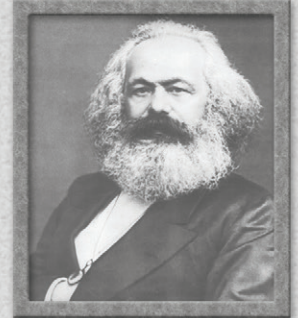
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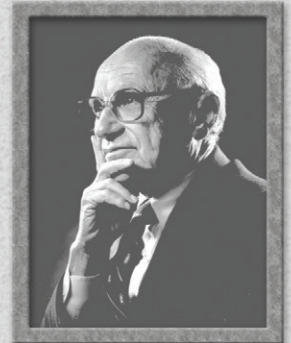
David Ricardo



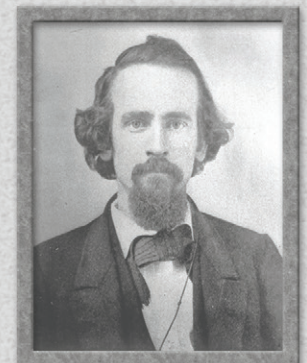
IT'S THE
ECONOMICS,
STUPID!



Karl Marx



Milton Friedman



Henry George

CAPITALISM VERSUS SOCIALISM

06// A Tory MP and head of the
Christian Left make their cases

02// IT'S THE ECONOMICS, STUPID! 03// THE PSYCHOLOGY OF
CONSUMERISM 04// Q&A: MICHAEL RAMSDEN 06// IN DEFENCE
OF CAPITALISM 07// IN DEFENCE OF SOCIALISM 08// SIX
REVOLUTIONARY ECONOMIC THINKERS 10// STEADY STATE
ECONOMICS 12// JIM WALLIS: THE COMMON GOOD
13// PETER CHALLEN: MONETARY JUSTICE 14// NEOLIBERALISM
AND THE CHURCH 16// FURTHER READING/VIEWING

IT'S THE ECONOMICS, STUPID!



WILFUL IGNORANCE OF ECONOMICS IS NOT CHRISTIAN

In 1992, Bill Clinton's presidential campaign headquarters had the slogan on the wall: "It's the economy, stupid!" It made the point – the election would be decided according to the candidates' position on the economy.

And whilst economics may not be your passion, it mustn't be ignored. Every facet of our life is shaped by economics. The supply of food in your supermarket, water to the people of Bangladesh and clean air in Beijing are matters of economics.

The dearth of jobs in the north-east of England, the trafficking of girls from Uzbekistan into brothels in Bangkok or the clearing of favelas in Rio de Janeiro prior to the World Cup – all are shaped by economics.

And so, by the way, is the lack of willpower to address human rights abuses in Saudi Arabia (oil), the limited ability to criticise Russia for the seizure of Crimea (gas) or the imprisonment of dissenting voices in China (the West's biggest emerging market).

It's economics, stupid!

Now, the Bible doesn't say a lot about economics. Oh, sorry, that's stupid too.

The Bible speaks volumes about economics. Just think about it. Economics is about the production, consumption and transfer of wealth.

Production causes us to consider slavery, bonded labour, minimum wage, living wage and safe working conditions – and that's just for starters. Pull up a chair and we'll talk about footballers earning £300,000 a week, bankers' bonuses and tax evasion. I think Jesus has a word or two about that.

Consumption takes us to the issue of lifestyle. Are we aware of how quickly we're using the world's carbon-based resources, and the damage it's doing to the environment? Why does my washing machine only last a few years? Do I need a new mobile every two years? Why are advertisers so influential? Why do we vote for politicians who promise infinite growth in a world of finite resources?

And then there's transfer of wealth. This isn't some left-wing diatribe. Economics must address the issue of wealth transfer, or wealth distribution. The goal isn't some utopian world where everyone has the same, simply that no-one's life should be blighted

because of their inability to enjoy the basics of life – be that education, work, food or security – and maybe some of the luxuries too!

The British are justifiably proud of our NHS. Everyone pays for healthcare whatever the system, but there is something undeniably 'just' when access to healthcare isn't determined by wealth. So the rich pay more, through taxes.

But extend the principle to other areas of life: what about access to jobs, to good schools, to decent homes and to justice? These things are as vital as health and each is influenced by economics.

Some will argue that Jesus was a capitalist. Others that he was a socialist.

Jesus wasn't a member of either tribe. He was for justice. And that settles it.

Or does it? Maybe that's the starting point. How do we achieve justice?

That's a question of economics too, stupid!

David

David Kerrigan
General Director



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CREATING CONSUMERS: PSYCHOLOGY, PROPAGANDA AND THE ECONOMY

ONE MAN CHANGED THE WORLD OF ADVERTISING FOREVER – AND IN SO DOING CREATED A MONSTER

Advertising changed forever in the 1920s, and so did the world. It was described as it was happening by a journalist called Samuel Strauss in 1927: “The American citizen’s first importance to his country is now no longer that of citizen but that of consumer.”

Before the 1920s, ordinary citizens mostly bought products that they needed (barring a few luxury goods), and advertising’s function was simply to inform people of a product’s attractive qualities. Qualities like durability and effectiveness. When you bought a new product, it was because the old one had worn out and the new one would last longer.

Our jump from that mindset to the age of brand identity, desire economy and disposable everything has not just been a calculated evolution instigated by big corporations, but largely the brainchild of one man.

Edward Bernays was Sigmund Freud’s American nephew. During the First World War, he used his uncle’s psychological theories to aid the war effort through propaganda in Europe, playing on people’s subconscious desires and fears to achieve favourable results for the Allies. “When I came back to the United States,” Bernays recalled many years later, “I decided that if you could use propaganda for war, you could certainly use it for peace. And propaganda got to be a bad word because of the Germans using it, so what I did was to try and find some other word.” Bernays founded the Council of Public Relations. It was the first time the term had been used.



The advances made in manufacturing during the War had created the danger of overproduction: ordinary people’s buying habits could simply not keep up with the speed with which goods could be produced. Advertising, under the tutelage of Bernays, would turn into the science of making people desire things that were being produced. Things they did not strictly need. The economic system, with its need for ever increasing growth, required it.

“You have taken over the job of creating desire, and have transformed people into constantly moving happiness machines,” President Herbert Hoover told a group of advertising men as the science came into its own. “Machines which have become the key to economic progress.”

Bernays introduced some of the mainstays of what we now know as advertising to the world: linking cars with ideas of sexual potency, associating celebrities with his clients’ products (and

indeed with dull politicians) and even creating the idea of buying clothes not as functional items, but to ‘express oneself’.

Bernays shattered the taboo surrounding women smoking, organising publicity stunts involving attractive young women lighting up in droves and pretending it was a protest. The practice of language manipulation so common in advertising today originated with him too. The cigarettes at his debutante ‘protest’ were referred to as ‘torches of freedom’.

He also improved sales of ready-made cake mix astronomically by adding the instruction ‘add one egg’ to the recipe. Whether or not one accepts his Freudian understanding that housewives were subconsciously offering their own eggs to their husbands and the debutantes were challenging male potency with phallic symbolism is irrelevant. Perhaps Bernays simply harnessed subconscious guilt for not working hard enough for their dessert or the idea of strength through rebellion – either way, he used subconscious drives, as opposed to rational thought, to get people to consume.

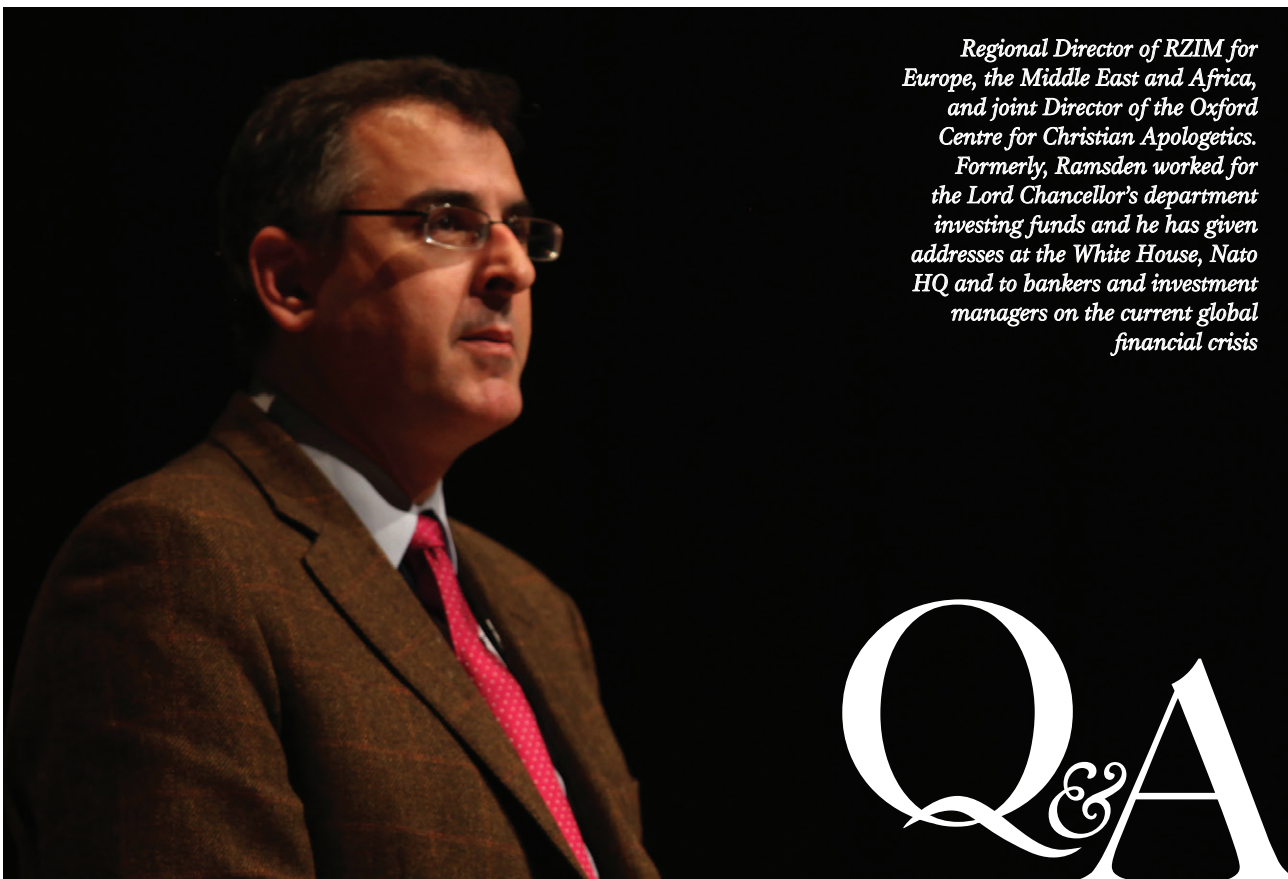
And consume they did. Banks funded the new department stores and people who had never before lived beyond their means were offered credit to buy things they desired rather than needed.

Today, the science created by Bernays is more sophisticated, and more economically necessary, than ever before. Branding, the manipulation of ‘cool’, the association of everything from hygiene products to shoes with abstract ideals we want embedded in our self image – these are cornerstones of an economy that requires endless growth.

Without them we might return to a pre-1920s state, angered that our goods are designed to wear out and unwilling to be part of the engine that endlessly uses more resources and dumps more waste products. We might feel less ‘need’ for new goods and luxury, which require prices so low that the workers who produce our goods must live as slaves.

Could our economy survive such a return to pre-PR sanity? And if it can’t, is it really an economy we want?

Find out more about Edward Bernays in Adam Curtis’ Century of the Self, detailed on page 16.



Regional Director of RZIM for Europe, the Middle East and Africa, and joint Director of the Oxford Centre for Christian Apologetics. Formerly, Ramsden worked for the Lord Chancellor's department investing funds and he has given addresses at the White House, Nato HQ and to bankers and investment managers on the current global financial crisis

Q&A

MICHAEL RAMSDEN

JUBILEE, INTEREST AND THE NATURE OF MONEY: CHRISTIANITY HAS SOMETHING TO SAY TO ECONOMICS

Does Christianity have something valuable to say about economics?

I think it does. Israel was an agricultural community and at the heart of an agricultural community are weights and measures. Weights and measures are the means by which you determine value, and we read again and again that the Lord detests inaccurate weights and measures.

When the unit by which we trade and measure value itself becomes corrupted, the whole system is in danger of collapse.

It's never ceased to surprise me, sitting down with different political leaders around the world and going through the kind of things the Bible does actually have to say about economics, seeing their eyes light up and say, "wow, that's very

insightful, I had no idea that was in there. What else is in this book?"

What would the principles of a Christian economics be?

God's kingdom speaks to us of the nature of his rule, and his righteousness speaks of the standards that he employs for us. And we're going to have to decide who's number one in our lives – God or money?

And if the goal isn't simply to make money, but the Bible doesn't seem to be necessarily against the idea of someone making a living by what they do, we're now asking a question about what it means

to trade goods and services at a profit. Why are we doing all of this in the first place? And for whose greater glory and for whose greater good?

We have been here before. The Victorian reformers did an awful lot of thinking about this, which is why working practices in England changed, and our legal practices and social practices changed. It wasn't that if you have a coal mine you have to offer it at a loss. The question was, if coal mining is your business, how do you do that in a godly way? In a righteous way? In a way God himself would approve of? And what's the purpose? And that changed practices, it changed models, and it also changed responsibility. Because, as you became aware of how much you had, you also became aware of how much may be expected of you.

So, I think we have been here before as a Church, and I think we may need to dust off some history books and be humble enough to learn from those who came before.

One concept that is probably quite familiar to the Church is that of jubilee, in regards to international debt etc. Does jubilee have a place more widely, or has that been misinterpreted?

What's interesting about the jubilee concept is that we are not sure how often it was implemented in reality. But clearly, it's very much there. And what we do realise is that when debt is simply passed on from generation to generation, with no hope of alleviation, all other forms of desperation can follow in its wake.

In both the Old and New Testaments, we have parables and teachings about the cancellation of debts, and we find all of them problematic because we find them personally challenging. They challenge the idea that everything revolves around us. Sometimes we have to step further back, which I think is what the Bible does do, and ask: what is best for a nation? What is best for a society? And, therefore, what should look different? And I think that's what jubilee drives us to. It forces us to ask a much bigger question.

What is your understanding of the biblical view of charging interest?

All the way back to the Ancient Greeks, people found the idea of interest to be morally troublesome – that money should be the begetter of money. It is only relatively recently that interest has actually become more acceptable.

I think there may be two separate things here. One is the question: should we charge interest or not? Which is slightly more complex even scripturally, because there are questions about who interest may or may not be charged to, and whether it's just a blanket ban. But what is more compelling, I think, is the biblical teaching about how much debt we're actually allowed to get into, which is regulated more effectively in the absence of interest. In the sense that you want to stop simply lending to someone if there

like a one way bet. The biggest challenge, and the biggest attraction to any investor, would be the capacity to make money out of nothing.

Now historically governments were able to do that. Governments were able to print as much money as the public, at large, trusted them to, and it still retained its value. And when that trust collapsed then the value of that currency collapsed with it.

However, the creation and destruction of money in an economy now isn't so

“ WE HAVE CREATED PEOPLE WHO AREN'T ECONOMICALLY LITERATE ENOUGH FOR THE SOCIETY IN WHICH THEY LIVE ”

is no interest thrown back to you, as the numbers get bigger and bigger.

But in a more cynical view, someone may say, “the more I can convince you to borrow at a higher rate of interest the more money I can make.” And I think this is what's behind the Archbishop of Canterbury's remarks about groups that lend out short-term loans for a huge amount of interest. That kind of thing really does lead to slavery and bondage.

We have sadly, I think, created a lot of people who aren't economically literate enough for the society in which they live to understand necessarily what it is they are being sold by their bank, or being asked to do. And that has meant that people have sometimes got caught up in things indirectly that they didn't even know they were affected by. And that's no longer an economic issue in and of itself, but also a question of justice, law and transparency – and obviously the Bible has lots to say about those as well.

Does the Bible speak into the question of whether it is capital or labour that creates wealth?

I think the Bible does have some things to say about that. We have had a system which has really tried to encourage the growth of capital, potentially at the expense of labour, and also allow people to take on risk in such a way that it feels

much in the hands of the government as it is in the hands of private banks and even individuals. Everyone has a credit card, and every time we go further into debt using our credit card we're spending something that doesn't exist to procure real goods and services. Now that does become increasingly problematic, because what do you do with that mounting amount of credit?

Although it by no means exhausts our financial crisis, part of it has been that, as credit has become easier, we are increasingly used to spending things that we do not have. And that capacity to create credit is made through private banks – and it may well be in their interest to see that private credit created at a massive scale.

Countries have got themselves horribly into debt, individuals have got themselves horribly into debt, and governments have often got themselves re-elected by promising more and more goods and services, and by taking themselves more and more into debt, and at some point someone's going to have to pay. And what we're learning, paying back that huge amount of accumulated debt ourselves, even as a rich nation, is that it's very costly and at times very painful.

*Article by Sarah Stone
Interview by Jonathan Langley, 2013*

Steve Baker MP

Conservative MP for Wycombe and a member of the Commons Treasury Committee. Co-founder of the Cobden Centre, an educational charity for social progress through free trade, honest money and peace, Steve Baker is part of Speen Church.

IN DEFENCE OF CAPITALI\$M

A CHRISTIAN CONSERVATIVE FELLOWSHIP MEMBER AND MP EXPLAINS WHY PROFIT AND LOSS ARE BEST FOR OUR ECONOMY

I want an end to poverty. I want a social system which operates justly in the general interest without boom and bust. I want to force even the most selfish into the service of others. I want to bring good news to the poor.

We do not live in the Garden of Eden. Scarcity is a fundamental fact. I see a world in which I cannot survive alone. In so far as we enjoy abundance, it is because we share the work of providing for one another.

That sharing of work implies a serious problem: how shall we decide how much of what to produce?

There is a choice: either voluntary ownership, control and risk bearing in the means of production, or collective ownership through the state plus economic planning. We must choose between capitalism or socialism.

Capitalism allocates effort and resources through the price system plus profit and loss accounting. When prices are formed through voluntary exchange of the goods and services people want, a profit shows that value is being created for customers, in their opinion. A loss indicates the collective opinion of society that value is being destroyed.

Only the price system reveals the shifting preferences in the minds of billions of individuals. That is why economic planning by authority always fails. It is why actual socialist societies are highly authoritarian: ever more power is applied in a futile attempt to make planning work.

Understanding our present plight requires insight into the financial system.

Banks lend money into existence. They do not merely lend what people have saved. When a loan is made, bank deposits

are created out of nothing. That's why the UK money supply tripled between 1997 and 2010 from about £700 billion to just over £2.2 trillion.

A society simply cannot triple its money supply in 13 years without profound consequences. Understand that new money went first into the financial system and housing, London and the South East and you have a good explanation for the structural problems in our economy.

We had a chronic oversupply of credit, then sudden undersupply. It is a typical failure of economic planning by authority, a failure of central banking.

The "greedy bankers" argument is inadequate. Thanks to various state-provided guarantees, bankers were gambling with other people's money, at other people's risk. Of course they frequently succumbed to temptation. Then governments forced us to bail them out. The injustice of it is palpable.

Look at the cost of energy, the queues on our roads or land use decisions and the story is the same: comprehensive regulation failing to produce the right results. Yes, there is often private investment but it is protected by legal privileges. Even without considering the high level of state spending, it is impossible to sustain the argument that our economy has been too free.

We have preached capitalism but practiced socialism before blaming

inevitable failure on the market.

The Peruvian economist Hernando De Soto asked why people in the developing world do not prosper despite being clever, industrious and willing to take risks. Marx believed the problem is that the poor have formal rights but no property.

De Soto demonstrated the opposite.

The poorest of the poor in the developing world possess \$9.3 trillion worth of land, roughly the size of US GDP and over 70 times the entire world's foreign aid budget. It turns out the poor in developing countries possess real property but inadequate rights. Co-operation cannot

work for the common good without strong property rights and contractual exchange.

We have lived through a deep crisis of the Third Way. How we respond to it is crucial. Is justice and sustained, inclusive prosperity to be delivered through a return to comprehensive economic planning by authority or should we try freedom?

The only system capable of co-ordinating the shared work of providing for one another in this world of scarcity is founded on property rights, voluntary exchange, prices, profit and loss. It is the only system capable of bending even the most selfish to the service of others. Governments must stop deranging it if we are to bring good news to the poor through voluntary co-operation in free markets.

“ ONLY THE
PRICE SYSTEM
REVEALS THE
SHIFTING
PREFERENCES
OF BILLIONS ”

Andy Flannagan

Director of Christians on the Left (formerly the Christian Socialist Movement), singer-songwriter and worship leader, writing most often at Christiansontheleft.org.uk

IN DEFENCE OF SOCIALISM

THE HEAD OF CHRISTIANS ON THE LEFT ARGUES FOR BOUNDARIES TO 'FREEDOM'

We believe that God knows us better than we know ourselves, including our tendency towards selfishness as individuals and communities. So, we believe that in the pattern of biblical traditions such as sabbath and jubilee, our systems and structures should be ordered in a way that mitigates the inevitable trickle up of power and wealth towards the powerful and the wealthy. History shows that our selfishness as a race inevitably leads in that direction, but God in his wisdom always knew that we would need limits. Wise boundaries simply protect us from ourselves and from exploiting fellow humans, not to mention the rest of his creation.

Regulation is a word which often gets a bad press, but any healthy life, family or community, nation or economy exists within boundaries that prevent exploitative behaviours that do not serve the common good. Boundaries are a necessary part of human flourishing.

An economic system must serve the wider society rather than be its master. When you watch the Chancellor of the Exchequer nervously looking over his shoulder at the City of London, or President Obama doing the same with Wall Street, you start to realise who is really in charge. In our day, the battle is less between socialism and capitalism, but between capitalism and democracy. From Greece to Spain to Latin America, you see this battle being played

out. Will we roll over and admit defeat or state that there must be another way?

The clarion call of folks who see politics differently will be 'freedom'. We need more freedom: 'free markets equal free people'.

This is understandable for those of a libertarian strand who do not believe in an absolute undergirding moral framework for life, but surely it does not make sense for a believer. Innate to understanding what freedom means for a believer is that the wise boundaries that God gives for human flourishing actually enable our freedom rather than restrict it.

Without those boundaries, rather than experiencing freedom, we often become slaves to greed, porn or shopping. Our freedom begins to look suspiciously like bondage.

Freedom that results in people being exploited is not good. The freedom to kill and maim is not a good freedom. Yet as humans we have those freedoms. Thankfully wise boundaries are in place that dissuade us from exercising those freedoms. In the world of economics, things must be no different. Things cannot be claimed to be valid simply because they are 'free'. 'Free' markets have led to the collapse of developing world economies. As history has shown, the weakest are inevitably exploited when there are no laws.

Acts 4: 32-35 is often mentioned when Christians discuss economics, primarily to explain some of the reasons why it is 'no longer relevant':

- That was a time of relative economic scarcity, whereas today most of our brothers and sisters have more than enough.

- In those days a sense of connectedness was more necessary, whereas today the concept and the reality of the family and extended family are strong.

- Peter called that generation corrupt. You could hardly say that about the 21st century.

Please pardon my ironic attempt to shock us into seeing the prophetic import of Scripture for our 21st century existence. Never has it been more important for the principles of made-in-the-image-of-God dignity, love-your-neighbour-as-yourself sharing, and wealthy-from-their-thrones justice that we see repeated through all of Scripture to be fleshed out not just in the life of the Church but the nation at large.

And here we come to the crux of the argument. Some may say that these instructions are only for the Church – that the job of generosity is one for the Church and not the state. This is a disturbingly dualistic reading of Scripture which ignores many things (including much of the Old Testament) and that for the nation of Israel, 'Church' and state were in effect the same thing. God wasn't offering a few morsels of wisdom for how his chosen people should stay pure until he came back to whisk them off, but laying out a blueprint of how his jubilee grace would transform all of humanity.

There is always a danger in defending any humanly designed political system or -ism in the name of Christ. All -isms bow the knee to him. But my reading of Scripture inevitably leads me to "speak up for those who cannot speak for themselves," standing against injustice in all its forms, on the side of poor and needy.

“ WITHOUT BOUNDARIES, WE OFTEN BECOME SLAVES TO GREED, PORN OR SHOPPING ”

6 THINKERS WITH REVOLUTIONARY IDEAS ABOUT ECONOMICS

FORGET MARX, SMITH AND KEYNES – THESE ECONOMISTS COULD STILL CHANGE THE WORLD

Not all economists whose theories and economic systems have shaped the world we live in today were inspired by growth and profit – some have been inspired by justice issues and wanting to create a more sustainable economy that benefits both the poor and rich. Here are six of the greatest economists you've never heard of.

1. E F Schumacher



Ernst 'Fritz' Schumacher was an internationally influential economic thinker, statistician and economist, serving as Chief Economic Advisor to the UK National Coal Board for two decades. He wrote about economics for *The Times* and *The Economist* among others. Although an atheist, he was influenced later in life by Buddhism and Catholicism. In *Small is Beautiful*, his 1973 collection of critiques of Western economics, he argued that future generations will be robbed of the benefits of their natural capital (trees, fish, minerals etc) if it is eroded by reckless technological

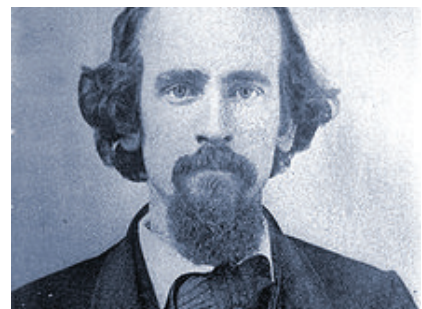
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LEO TOLSTOY

production. *Small is Beautiful* was ranked in 1995 by the *Times Literary Supplement* as one of the 100 most influential books published since the Second World War.

“Since there is now increasing evidence of environmental deterioration, particularly in living nature, the entire outlook and methodology of economics is being called into question,” said Schumacher. “The study of economics is too narrow and too fragmentary to lead to valid insights, unless complemented and completed by a study of meta-economics.”

2. Henry George



Nineteenth century US writer, politician and political economist Henry George was concerned about growing inequality being exacerbated, rather than ameliorated, by technological advances. Writing at the height of the industrial revolution, George noticed that as material growth increased, poverty was increasing too. He deduced the problem was that wealth was being concentrated in the hands of landowners who profited from renting property. George believed all people should have equal rights to natural and common resources, not just the few. He proposed the land value tax in his famous 1879 book, *Progress and Poverty*, where he argued that by taxing the economic rent of land, rather than the properties built upon it, there would be no sudden increases in property values that would be passed on to those who rent it. Land value tax has been adopted in many countries around the world, including Denmark, Russia and Singapore, and has its strongest political

supporters in the Liberal Democrat party.

Leo Tolstoy once said of Henry George: “People do not argue with the teachings of Henry George; they simply do not know it. He who becomes acquainted with it cannot but agree.”

3. Herman Daly



Herman Daly is an ecological economist who has won numerous awards for his work, including the Leontief Prize from the Global Development and Environment Institute. Once a senior economist at the World Bank, he is currently a professor at the School of Public Policy at the University of Maryland. He is credited with the theory of uneconomic growth, the tipping point when the cost of aggressively turning natural resources into manmade capital is no longer profitable.

Daly advocates a steady-state economy where development, not growth, is the aim, which is environmentally more sustainable. He believes this can be achieved through technology and ‘ethical improvement of our priorities’. “We should urge policies to limit the quantitative growth of throughput, thereby raising resource prices, in order to increase resource efficiency, to force the path of progress from growth to development, from bigger to better, and to stop the present folly of continuing uneconomic growth,” says Daly.

4. Celso Furtado



Celso Furtado was a celebrated 20th century Brazilian economist, journalist,

“ ANYONE WHO BELIEVES IN INFINITE GROWTH IS EITHER A MADMAN OR AN ECONOMIST ”

KENNETH BOULDING

politician, a professor at universities in Europe and the United States and Minister of Culture in Brazil. His most famous work, the *Economic Growth of Brazil – A Survey from Colonial to Modern Times* outlined why the country remained underdeveloped at the time (1959) and advocated the importance of the state in development. Furtado was one of the key components of developmentalism, which proposes that the best way for poor countries to develop is through fostering a strong and varied internal market and to impose high tariffs on imported goods.

Furtado was also one of the founders of the United Nations Conference on Trade and Development (UNCTAD), an intergovernmental body created in 1964, whose work has since centred on issues related to development and the asymmetries of international trade.

5. Joseph Stiglitz



Joseph Stiglitz is an American economist and professor at Columbia University who has advised President Obama. His research on screening, a technique used by one economic agent to extract otherwise private information from another, led to him being co-awarded the Nobel Memorial Prize in Economics in 2001. In 2008 he chaired a commission at the United Nations that led to the *Stiglitz Report* explaining the reasons for and solutions to the financial crisis of 2008 that led to the global recession. His research

has challenged the notion that financial markets are inherently efficient, in fact he believes the opposite is true. He argues in his latest book (written with Bruce C Greenwald), *Creating a Learning Society: A New Approach to Growth, Development, and Social Progress*, that market economies do not transmit knowledge well and creating a learning society is key to sustaining improved living standards in advanced countries. In 2011, Stiglitz was listed in *Time* magazine’s 100 most influential people in the world.

“The top one per cent have the best houses, the best educations, the best doctors, and the best lifestyles, but there is one thing that money doesn’t seem to have bought: an understanding that their fate is bound up with how the other 99 per cent live,” Stiglitz said. “Throughout history, this is something that the top one per cent eventually do learn. Too late.”

6. Kenneth Boulding



Kenneth Boulding was an economist, educator, peace activist, poet, devoted Quaker and interdisciplinary philosopher. Born in the UK, he attained US citizenship in 1948 and served as President of the American Economic Association, authoring *Economic Analysis*, the authoritative textbook of neoclassical-Keynesian economic synthesis.

Boulding believed that evolution had affected the development of economics. “They, economics and evolution, are both examples of a larger process, which has been at work in this part of the universe for a very long time. This is the process of the development of structures of increasing complexity and improbability,” he wrote in *Economic Development as an Evolutionary System* (1961). He was also strongly critical of economic thinking that did not show reverence for nature.

He once famously said: “Anyone who believes exponential growth can go on forever in a finite world is either a madman or an economist,” and: “Mathematics brought rigor to economics. Unfortunately it also brought mortis.”

Brian Czech

Founding President of the Centre for the Advancement of the Steady State Economy, visiting ecological economics professor at Virginia Tech, USA, and author of *Supply Shock: Economic Growth at the Crossroads*

THE KINGDOM OF GOD A STEADY STATE ECONOMY?

Limitless growth is not sustainable
on a planet of finite resources

I'll never forget the privilege, maybe five years ago, of addressing a small, interdenominational group of faith leaders in Washington, DC. I talked about limits to economic growth and gave a synopsis of the steady state economy as an alternative to growth. We then went around the small group, perhaps eight in all, and discussed the issues. One pastor, deep in thought, countenance profound, said, "The steady state economy: now that's the kingdom of God." I can hear it like it was yesterday.

The rest of the conversation isn't quite so vivid. As a long-time advocate of the steady state economy, maybe I got too excited to focus, thinking of the possibilities with God on our side! Also, it's not like the pastor (Episcopal as I recall) had a fully-fledged steady state theology developed, at least at the time. Macroeconomics is not something he or the rest of the group had thought much about, but they'd definitely taken an interest in protecting the environment, or 'caring for creation' as some like to say.

And yet, if there is a place for common sense in theology, there is plenty to suggest the pastor was right on track. Would anyone be driving a Hummer in the kingdom of God? Or building a McMansion? Or wearing a fur coat? Presumably the trappings of conspicuous consumption would seem more befitting of some other place.

The pastor knew something was awry with the quest for ever more. Striving for more and more stuff isn't caring for creation. Think, for example, what it means to life on earth – all of creation – with economic growth as the primary policy goal of so many nations. If you were to list the causes of species' endangerment, it would read like a *Who's Who* of the economy. (I found that out first-hand when I had to document the causes during grad school.) A proliferation of all such activities is hardly

wise husbandry.

But to really assess the relationship or relevance of economic growth to the kingdom of God, and prior to any thorough theological assessment, we must have a solid grasp of exactly what economic growth is. It's not enough to make vague references to Hummers or ask, "What would Jesus drive?"

In textbook terms, then, economic growth is increasing production and consumption of goods and services in the aggregate. It requires increasing human population and/or per capita consumption, and almost always entails both. The metric used to measure economic growth is GDP, or gross domestic product.

wildlife habitat?

The fact is, in the push for GDP growth, God's creatures suffer. To put it in the technical terms of ecological economics, as the human economy grows, natural capital is reallocated out of the economy of nature and is converted into consumer goods and manufactured capital. How is that caring for creation? The steady state economy – stabilised population and per capita consumption, in simplest terms – means a stable environment for all creatures.

A growing number of citizens and activists are taking note that pulling out all the stops for GDP growth isn't making humanity any happier. It has even become

“ IN THE PUSH FOR GDP GROWTH,
GOD'S CREATURES SUFFER ”

The phrase "in the aggregate" is actually quite important. Sometimes we hear confusing talk about 'green jobs' and even 'green growth'. It may well be that replacing oil wells with vast arrays of solar panels and wind towers provides different jobs than we had in the past and doesn't result in as many carbon emissions. But that one development – replacing fossil fuels with renewable energy – is hardly economic growth. It's a sectoral readjustment that may or may not accompany economic growth: increasing production and consumption of goods and services in the aggregate. If we do manage to generate enough power from renewable sources to have even more agriculture, mining, logging, ranching, milling, manufacturing, and service sectors all the way from transportation to entertainment, what happens to all the

popular in sustainability circles to discredit GDP, as if it's a meaningless indicator. However, attacking GDP is like shooting the messenger, or shooting the metric to be more accurate. Yes, it is perfectly true and important to realise that GDP is not a measure of wellbeing, but GDP is a solid indicator of the size of an economy. Despite all the talk of 'green growth', real GDP ("real" meaning adjusted for inflation) cannot increase without more impact on the environment.

Here is where a bit of theology seems to dovetail nicely with biology. The Bible says, "All flesh is grass" (Isaiah 40: 6). While the direct theological implication seems more about the insignificance of man on earth, relative to God, this verse is more than mere metaphor. The fact is that the foundation of the 'economy of nature', or creation, is



If every human on Earth consumed as much as the average American, it would take five planets' worth of resources to sustain them.

indeed plants, or “grass” in the words of Isaiah. No plants, no animals: no grass, no flesh.

This truth happens to be a central pillar of ecology. Every good ecology textbook will have a thorough discussion of ‘trophic levels’. Living beings in nature start with the plants at the base, literally and figuratively. Plants are called ‘producers’ because they produce their own food in the process of photosynthesis. All other beings are ‘consumers’ of some type. Primary consumers eat plants directly. Secondary consumers eat the primary consumers. Primary consumers are often called herbivores, secondary consumers are ‘predators’. These are the three basic trophic levels: producers, primary consumers, and secondary consumers.

The book of Genesis tells us that God created mankind in his own image. It seems fitting, then, that the economy of man is like a microcosm of God’s creation, or the economy of nature. Man’s economy has producers (agricultural and extractive sectors), primary consumers (manufacturing), and secondary consumers including the purchasers of consumer goods and services in the market.

In order to have increasing production and consumption of goods and services in the aggregate, there must be more surplus produced at the base of the trophic structure. In other words, there must be more agricultural and extractive activity to

What is a steady state economy?

A steady state economy is an economy with stable or mildly fluctuating size. The term typically refers to a national economy, but it can also be applied to a local, regional, or global economy. An economy can reach a steady state after a period of growth or after a period of downsizing or degrowth. To be sustainable, a steady state economy may not exceed ecological limits.

Herman Daly defines a steady state economy as:

“An economy with constant stocks of people and artefacts, maintained at some desired, sufficient levels by low rates of maintenance ‘throughput’, that is, by the lowest feasible flows of matter and energy from the first stage of production to the last stage of consumption.” To find out more about what policies a steady state economy would involve, visit:

steadystate.org/discover/policies

free the hands for the division of labour into manufacturing, services and ‘green’ jobs. More and more money spent means more and more environmental impact; more erosion of God’s creation.

Finally, no discussion of a steady state economy can be complete without considering the issue of population. Hopefully common sense suffices for understanding how we cannot have perpetual population growth on a finite planet. We humans aren’t like angels on the head of a pin. We have minimum material and energy requirements for survival.

Is it not the case that the kingdom of God leads to the final kingdom of heaven? It would seem that, at some stage, after life on earth, the kingdom of heaven comes to its fruition of souls. So perhaps our good pastor was thinking ahead – way ahead – on the population front! Meanwhile, doing the best we can at caring for creation entails serious efforts toward stabilising our population as well as tempering our consumption.

It’s not easy advancing the steady state economy as the sustainable alternative to economic growth. If money is the root of all evil, we have a nasty force working against us: Big Money! The corporate forces in the world don’t want us talking about limits to growth or a steady state economy. They want governments pulling out all the stops for GDP growth.

Fortunately, we have the Commander in Chief on our side!

Jim Wallis

New York Times bestselling author, public theologian and Vice Chair of the Global Agenda Council on Values of the World Economic Forum.



“ WHEN THE MARKET DOES NOT HAVE AN ETHICAL FRAMEWORK OR MORAL VALUES, IT ENDS UP DEVOURING THE REST OF SOCIETY AND EVEN ITSELF ”

JIM WALLIS:

THE ECONOMIES OF THE COMMON GOOD

EVANGELICAL ADVISOR TO POLITICIANS AND PRESIDENTS, JIM WALLIS TALKS TO MISSION CATALYST ABOUT CHURCH, CAPITALISM AND SOCIAL CHANGE

Capitalism as it currently works doesn't seem to be environmentally sustainable and seems to leave many behind in poverty. Is it time to rethink our economic system?

We see now many broken social contracts around the board. We [the Sojourners movement] put something out called *A new social covenant* at the World Economic Forum at Davos last year, calling for the values of human dignity, the common good and stewardship. There is a problem of what I call short-termism in the market system. Making decisions for the short-term produces bad decisions.

Indigenous people have said for a long time that decisions today should be judged on their effect on the seventh generation out. A very different set of metrics there. Short-term shareholder profit/loss

statements versus seven generations out. So how do you get over a more balanced view? How do you include stakeholders, which includes customers and workers and the environment? How do you include those metrics in our judgement of what's important? We have to rethink our entire notion of what our metrics are.

When the market does not have an ethical framework or moral values, it ends up devouring the rest of society and even itself in the end. That's what happened in 2008. So how do you rethink toward what Klaus Schwab at the World Economic Forum calls a "moral economy"? That's where we are trying to head now.

How easy is that, though, when most political leaders work on four or five year cycles and are constantly thinking about

pleasing the public? Seven generations seems very far away...

Well, they are often thinking in two to three month cycles, not even three, four or even five years. So how do you change the metrics and timeframe? I think, finally, that purposeful business that is sustainable is better for business long-term than short termism is, which is really difficult to position.

I'm finding a new generation of entrepreneurs, business people who talk about using business to solve problems and not just seek profit. So this is going to be a struggle for the long-term, I think particularly for Christians. I remember I spoke to the Davos Economic Forum, right after the crisis in 2008, and I said, "What do you do when the 'invisible hand of the market', to quote Adam Smith, lets go of the common good?" That's what's happened now. So how do you restore the notion of the common good in politics, in the market place and even in the churches? Recently the General Synod [who Wallis addressed in 2014] made a very powerful, historic motion to affirm the common good as the Church's goal in society. So, it is a very powerful idea, this ancient idea of the common good.

Interview by Chris Hall



Jim Wallis' book, *On God's Side: What religion forgets and politics hasn't learned about serving the common good*, is available from lionhudson.com

CANON PETER CHALLENGEN: KINGDOM ECONOMICS

WHAT ISLAM GETS RIGHT MORE THAN CHRISTIANITY AND THE SCANDAL OF USURY

Would I be right in assuming that you do not consider the current economic system to be perfect?

I do not indeed. But many people opposed to it just attack capitalism. I don't attack capital. Capital has a tremendous value in society. What I attack is the possession of capital by a tiny minority on the face of the planet. The tininess of that minority is utterly obscene.

In the same way, our understanding of property has allowed the accumulation of property beyond that which is responsible use for the common benefit at large. And so the property laws which we approve are not in the spirit of a biblical insight into a just society either.

What is wrong with the current system?

I think most of what is wrong with it is that money is created not by the state in a transparent way by a national treasury, as people's money, created and lent out into the system free of interest. What we have is the commercial banks, who, ever since 1695, have been allowed to create money. They create credit, which goes out and generates economic activity, and the money associated with that. But what they don't create is the money that will pay the interest. So in order to pay the interest on top of the capital, people have to borrow. And so we get this incredible exponential growth of debt, slowly and insidiously at

first, but then at an incredibly increasing rapid rate in recent years.

So we've now got to states of debt at every level – personal, local authority, corporate, national and international debt is at a scale that is almost totally impossible to comprehend.

Is there such a thing as a specifically Christian economics?

There's no doubt that the Muslims have a very clear outline of the fundamentals of an economic order and therefore of a financial order. None of which, I think, are absent in the Christian faith, except we don't marshal them in the same way and we've not got them clearly set out.

I was nurtured as a Christian in the understanding that usury – that's all kinds of interest, not

the modern interpretation of usury as excessive interest – was wrong. Because if money becomes a commodity, then it starts an insidious process of dividing society between the rich and the poor. Because money makes money and those without it have to go into various forms of serfdom in order to make the money to live by.

I've been almost fifty years in Christian ministry and found it almost impossible to get serious debate among Christians about the issue of interest and usury. When I sent an article about this to my old theological college journal, some 14 colleagues in

ministry wrote to me within a few days, saying: "I've always thought usury was wrong, I've never done anything about it in the whole of my ministry!"

I was shattered. I think it indicates that the Christian faith has drifted into allowing a kind of dualism: the spiritual world is over there and the material world is somewhere else.

The great Jürgen Moltmann said to me, when I wrote to him about this subject, "the neglect of economics is a wound in the side of the Church." I think there's a tiny number of people who take really seriously that our faith must be about a just economic and a just financial system.

What would a kingdom economics look like?

It would have to have the issuance of credit and money as the responsibility of the state and not of commercial enterprises. I think banks would have to return to their proper role of brokerage. Of arranging, where there is saving, that that is lent on. At that private level of lending on people's savings, you could have interest as a private transaction.

But basically, the income for infrastructure, for schools, hospitals, roads, etc, should be created and lent into the system to generate productivity of goods and services that then repays that money into the treasury, either to be taken out of circulation or, if a new need arises, to be circulated again. So that you have a reciprocal flow of money against real values.

I don't think there's any room for the kind of speculation that has been developing over the past decades.

This interview was conducted by Jonathan Langley in 2009 for Christianity magazine

Herbert Anders

Editor and co-author of *Equomanual: a handbook for a spirituality of economic justice*, member of the working group on *Globalization and Environment* of the Federation of the Protestant Churches in Italy and member of the co-ordination team of the *Church Action for Labour and Life* network of the Conference of European Churches.



A buzzing bee is a symbol for enterprise and busyness. But bees, as we read in the papers, are endangered. Scientists warn of the possible extinction of bees and the incalculable consequences that this may have to the pollination and production of food.

Half of the forty billion bees living in the USA are needed just to pollinate the immense rows of almond trees in the

Central Valley of California, for example. These are stressed bees, whose beehives are loaded in lorries which travel for three days and nights from one end of the country to the other, woken up at intervals that are vastly different from their natural cycles, often fed an unbalanced diet made up only of almond nectar, exposed to the aggression of the new neonicotinoid insecticides required by mono-cultures and obliged to fight viruses which probably become active because the bees are tired and exhausted.

All that is too much, so silence descends

on the almond tree valleys because one third of the bees have died. Why carry on with that mass extinction year after year? Because from an economic point of view it is worthwhile. Fewer bees means the price obtained by bee keepers who rent out their hives goes up. The almonds of Central Valley are a 1.9 million dollar business. This seems to justify even the mass death of the animal without which natural pollination of most fruit, vegetables and cotton will not be possible. Perhaps we will be able to develop a mechanical buzz to do their work. But is

that what we want? Because that is what neoliberal economics are about.

Neoliberalism is an economic approach where the private sector, rather than governments, controls economic life, characterised by privatisation of public services, the opening of national markets to multinational interests and severe limits on government spending.

Right now the underlying idea of neoliberal economics is to have a deregulated market where the most powerful win all. From the enormous riches thus created by the few, so the neoliberal belief goes, everyone will profit because the capital will be invested in the global market. Unfortunately, that assumption has been proven wrong time and again. The wealth 'trickling down' to more than 80 per cent of humanity from the riches and consumption of its richest 20 per cent is more like the crumbs that fall down from the banquet than a fair participation in the meal.

Economic Justice for All was the first explicit Church critique of the neoliberal economic assumption that everything is fine when profit is fine that I ever ran across. This document, produced at the Catholic Bishops Conference of the United States

“ MORE LIKE THE CRUMBS FROM THE BANQUET THAN A FAIR PARTICIPATION IN THE MEAL ”

churches of Christianity have published documents, encyclicals and resolutions on neoliberal economics and none of the ecumenical assemblies, no matter whether on the European or World level, can meet anymore without addressing the economic issue of life that is moving more and more towards the centre of discussion and becoming obvious as the root of the problems our globalised society is facing.

But the churches are not only reflecting, praying and writing about the economic question. They are joining in the widespread movements practising alternative economics. From German Evangelical churches using their influence

International Monetary fund in 2002/2003. Talks in which the two global financial institutions asserted that their mission does not include the promotion of human rights and spelled out their conviction that any growth of the markets will bring relief to the poor as well.

On the other hand, especially in the United States, there are Christian movements opposing the main financial players not merely in spirit, but in financial activities. Meetings like the annual Christian Economic Forum want to counteract the World Economic Forum of Davos using the same ideology but wanting to create different power groups. Sponsored by organisations like Crown Financial Ministries, they make charity one of their arguments, propose biblical teaching for resolving people's financial problems and teach wealth as a consequence of receiving God's blessing. But they seem to be unaware of how the very same rules that permit their sponsors to sustain them are at the origin of the financial exploitation of the majoritarian world.

There is no doubt that the churches constitute one of the main critiques of the current economic system. Sometimes their voices are a prophetic outcry against the trend that measures any success only in financial profit. They are creating awareness of economic injustice in a manner that could be described as 'capillary' – at the local, limited level. From that consciousness-building grows alternative economic thought and action all over the world.

How might good economics look in the future?

The major Christian economic movement calls for rules. The Ten Commandments were given to the Israelites in order to decree that nobody had to be enslaved anymore. The rising power of a few should not become the stumbling block of the many. That's why churches are demanding rules that guarantee the dignity of the vulnerable.

Jean Jacques Rousseau put it this way: "Between the strong and the weak, freedom oppresses and it is the law that frees." These rules shall come forth from ecclesiastical communities that experience principles of communion as dominant over and against the ones of exclusion, that give weight to sharing over and against the imperative of possessing.

Christian action, local or global, can show working alternatives, live out economical testimony inspired by the biblical message, and create new ways of financial reasoning. As usual, it all starts off from spiritual change, it's all a matter of a spiritual conversion.

“ NEOLIBERAL ECONOMICS WANTS TO HAVE A DEREGULATED MARKET WHERE THE MOST POWERFUL WIN ALL ”

in 1986, was followed by the outstanding confession of faith which the Alliance of the Reformed Churches prepared in a *processus confessionis* lasting seven years and involving consultations on all six continents.

When the World Assembly of Reformed Churches met in Accra, Ghana, in 2004, it cried out its belief in the necessity of overcoming neoliberal economics, saying:

"The root causes of massive threats to life are above all the product of an unjust economic system defended and protected by political and military might. Economic systems are a matter of life or death... Neoliberal economic globalisation... is an ideology that claims to be without alternative, demanding an endless flow of sacrifices from the poor and creation. It makes the false promise that it can save the world through the creation of wealth and prosperity, claiming sovereignty over life and demanding total allegiance which amounts to idolatry."

The accusation of the churches towards the economic system could not have been stronger. Since then, all of the main

as one of their country's largest employers and changing their own economic practices, to Italian Protestants setting up ecological benchmarks and the Anglican Communion using its clout as an investor to challenge corporate culture, Christians are fighting neoliberalism in practical ways.

The economic disaster which produces ever growing disequilibrium between the majoritarian poor world and the small rich world (not any more to be geographically located in southern and northern hemispheres, but apparent in the so-called wealthy societies), is not a question of charity. It's not about collecting money to share with the poor. It is a question of rules that can guarantee rights of participation in the global market for the more vulnerable players.

Christian leaders and movements have always been in contact with politics and global market players to discuss the economic order. This contact often fails to achieve the desired results, as with the talks held between the World Council of Churches, the World Bank and the

ECONOMICS

VIEWING

THE CENTURY OF THE SELF

A brilliant analysis of how psychology has been used to influence society's thinking, from advertising to political manipulation. The four part series opens with an episode focusing on Edward Bernays, the father of Public Relations, referred to on page 3.

Topdocumentaryfilms.com/the-century-of-the-self

THE END OF POVERTY?

Martin Sheen narrates this excellent activist documentary that argues that global poverty is due, in large part, to the nature of our economic system. Featuring an interview with Joseph Stiglitz (profiled on page 8), Philippe Diaz's film opens up key economic questions in an accessible way.

TheEndOfPoverty.com

ECONOMICS TO SAVE OUR CIVILISATION

A fascinating YouTube video of a presentation hosted by the Chartered Institute for Securities and Investment by Clive Menzies, Director of the Critical Thinking research project. Menzies offers potential hope for finding our way past the flaws inherent in our economic system.

bit.ly/Menzies14

READING

SMALL IS BEAUTIFUL

E F Schumacher

Limits to growth, the admitted insanity of mainstream economics and some terrifying quotes from John Maynard Keynes are just some of the reasons why this collection of essays has so profoundly influenced both the Left and Right. Particularly interesting is his examination of 'Buddhist economics' and how

faith traditions should have more influence on our attitudes to production.

PROGRESS AND POVERTY

Henry George

Land values, more than the industry undertaken on premises, are the best indicators of where economic success will inevitably be found. The resulting concentrations of wealth, aided by public spending or luck, must be countered if inequality is to be fought. His ideas inspired the Monopoly board and are still influential today.

THE LOST TRADITION OF BIBLICAL DEBT CANCELLATIONS

Dr Michael Hudson

Economics and archaeology come together in this historical examination of biblical-era documents and what they have to say about the practice of debt-

cancellation. It comes highly recommended by Canon Peter Challen (featured on page 13). bit.ly/hudson10

THE BOTTOM BILLION

Paul Collier

Alternatively called "a splendid analysis of real world poverty", this book attacks the economic views of much of the global NGO community and holds that organisations like Christian Aid are in thrall to Marxist ideologies. No surprise really, then, that Collier is said to have had a large influence on Conservative Party aid policy.

ECOLOGICAL ECONOMICS: PRINCIPLES AND APPLICATIONS

Herman Daly and Joshua Farley

Father of steady state economics Herman Daly grounds his economic insights in Protestant thinking and a career at the

highest levels of the economic establishment. His ideas have informed much of the 'alternative' economic thinking challenging growth-oriented orthodoxies today.

THE OXFORD HANDBOOK OF CHRISTIANITY AND ECONOMICS

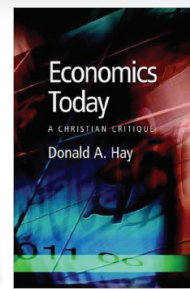
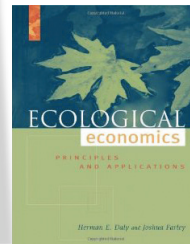
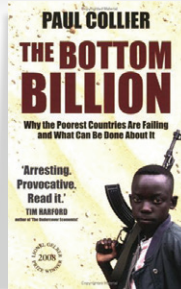
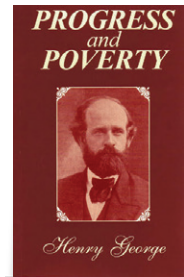
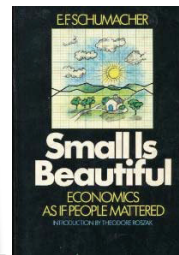
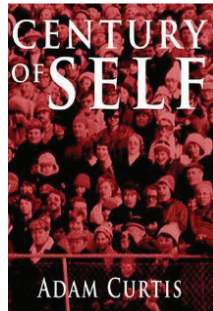
Paul Oslington, Editor

The most recent and most definitive survey of Christianity and economics, recommended to *Mission Catalyst* by Ian Smith, Editor of the journal of the UK Association of Christian Economists.

ECONOMICS TODAY: A CHRISTIAN CRITIQUE

Donald Hay

A more affordable foundation in how Christians should critique economics can be found in this book, also recommended by Ian Smith of the UK Association of Christian Economists.



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