

Money, Integrity, Wellbeing

Addressing moral questions raised by the financial crisis

An article based on the first of four public debates organised by St Paul's Institute in St Paul's Cathedral on October 6th, 09.

The first public debate was entitled '**Money: a Crisis of Value?**' it was attended by 700 hundred people.

Part I. Each panellists was first invited to speak by the Chair, the Bishop of London, Richard Chartres in the following order:

Paul Tucker, Deputy Governor, Bank of England summarised what gives money value? It is an act of faith derived from trust and confidence, prerequisites to price stability.

Integrity and self control are important and the rules and processes should be underpinned by needs which are socially acceptable.

Events showed that the Banks lost trust in each other.

Andrew Dilnot, Economist & Pro-Vice-Chancellor, Oxford University: We should not be surprised there is a crisis for it is reminder that we should not be motivated by self-interest – Pride comes before a fall. It is a reminder that we should not be motivated by self-interest alone.

Dr Catherine Cowley, Lecturer in Christian Ethics, Heythrop College: (Banker-turned- religious sister, whose predictions about the moral and economic hazards posed by complex financial instruments have come true. Ref 1)

The collapse of trust was not a technical failure, it was a moral failure. A critical failure in culture. E.g., it is bad if a culture is oppressive or if rewards are massive for a small elite. Also when relationships and that which is transcendent are completely ignored. The underlying problem is we do not have shared values and we do not know when enough is enough. We have life-style choices to make.

John Micklethwait: Editor-in-Chief of the Economist: The market says you can never have enough, this is the problem of capitalism but like democracy it is the best system we have so far. Choice has become an idol. We have yet to agree what is a socially acceptable limit. We should not however be intimidated by experts in economics. The only valuable thing is the thing they do.

Part II. Written questions from the floor were answered by the panel are summarised as follows.

We should remember what an incredible transformation has been achieved by this system, and by the City especially, as we moved from relative poverty in the mid 70's to a middle class standard of living for many. Ref 2. Their excesses are what is uppermost in people's minds today, though their achievements may well be what the history books remember most. It is difficult to work out what role finance should play.

Derivatives help to smooth out finances for farmers, for example, but the financial sector can generate more profits if the assets have a volatile price but then speculation takes over as we have seen.

Bishop Richard: More and more should not transcend relationships, and his experience is that as death approached it is relationships which are remembered and valued most.

Dilnot. His hope is that one fine day money will be repaid to the tax payer.

Meanwhile there are many questions to be faced. E.g.,

What do we want?

How do we share? E.g., Consumption taxes e.g., VAT seem to hurt the poor disproportionately to their income. Carbon taxes? Etc.

The challenges are global and empathy is needed for other cultures and common humanity. The Common Good. Cynicism is a problem. The licence payers should expect more from the BBC. Look at what can be celebrated. The meaning of life?

Dilnot's final words have stayed with me ' *We need to be aware of how we touch the world*'

Summary

The final article 'Let the Common Good Return' in Ref 1, which was made available is considered a suitable way of summarising the debate.

'The biggest unresolved issue now, highlighted by Mr Greenspan's prediction, is that not enough weight has been given to the cultural factors that drove the world to the brink – cultural, but also moral. It can never be claimed again that markets are self-correcting, or that financial activity can be separated from its wider consequences. Finance has too much capacity for harm to be left solely to the financiers. There is a tendency in human nature to look towards self-interest, but there is also a tendency, humans being social and moral animals, to want to cooperate for the sake of the common good.... Unless an economic system operates in a moral context it will periodically come off the rails. It is fundamentally important that appropriate lessons are learnt and economic theory and practice modified accordingly.'

References

1 The Tablet, A complimentary special supplement, 'Ethics in the City', Oct 09, published to coincide with the above, See p 3, The Tablet Interview and last page for the above summary.

Also p 12, Pope Benedict is quoted as saying 'authentic human development concerns the whole of the person in every single dimension.'

2. John Varley, Group Chief Executive, Barclays PLC, Social Responsibility and Banking – An Oxymoron?', Faith in Business Quarterly published February 2010. A summary of the CAGE Hugh Kay Lecture, Nov 09.

2 *'Even if the recession turns into (Industrial Christian Fellowship) a depression, the net growth in global GDP from 1980 to 2010 would still amount to 120% - a real per capita increase of nearly 40%. That growth lifted millions of people around the world out of poverty.'*

This article concluded *'Is it possible for a man to hold once the office of chief executive of a bank, and the prospect of going to heaven? I hope the answer is yes. That particular right of passage, of course, is conditional on many things beyond our professional lives. But it is at least conditional on me getting right the balance between social responsibility and banking.'*

Further reading

See also Mark McAllister's, 'An Inconvenient Truth'.

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ICF (Industrial Christian Fellowship) were pleased to grant permission to display this article on the Diocese of Peterborough's Social Responsibility website. See www.icf-online.org

John Raymond

ICF Executive and Trustee

& Member of the Social Responsibility Support Group

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