

# Contents

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<i>Acknowledgements</i>	ix
<i>Foreword by Richard Harries, Bishop of Oxford</i>	xi
<i>Abstract</i>	xiii
CHAPTER 1: Globalisation for the Common Good <i>by Kamran Mofid</i>	1
CHAPTER 2: How It All Began <i>by Kamran Mofid</i>	5
CHAPTER 3: A Map of My Interfaith Journey <i>by Marcus Braybrooke</i>	17
CHAPTER 4: The Roots of Economics – And why it has gone so wrong <i>by Kamran Mofid</i>	23
CHAPTER 5: Bringing Economics and Theology Together Again <i>by Marcus Braybrooke</i>	45
CHAPTER 6: Ideals into Practice: Reuniting economics and theology <i>by Kamran Mofid</i>	61
CHAPTER 7: Summing Up <i>by Marcus Braybrooke</i>	91
CHAPTER 8: The Way Forward <i>by Kamran Mofid</i>	95
<i>Epilogue by Bhai Sabib Mohinder Singh</i>	119

## *Foreword*

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BY RICHARD HARRIES, BISHOP OF OXFORD

THERE WAS A TIME when economics was regarded as a branch of theology. Economic factors were intimately linked to what was regarded as just or right and these in their turn were shaped by a Christian understanding of the common good. From the eighteenth century onwards economics became an autonomous discipline and this has clearly enabled a great deal of technical expertise to be developed. Nevertheless in the end economics is about human well-being in society and this cannot be separated from moral, or perhaps in the end, theological considerations. The idea of an economics which is value-free is totally spurious. Nothing in this life is morally neutral. Although of course there will continue to be a range of technical, very often statistical and mathematical factors in economics, in the end the subject cannot be separated from a vision of what it is to be a human being in society.

Globalisation has sharply divided people today. On the one hand there are anti-capitalist, anti-globalisation campaigners and on the other hand those who believe that the process of globalisation will solve the world's economic ills. Both these positions are false. Whether we like it or not globalisation is taking place and will continue to accelerate. The question is whether the forces at work in the process can be harnessed and made to work for the well-being of human society as a whole.

I very much welcome this book and believe that its themes are of crucial importance for the world today.

# *Abstract*

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BY KAMRAN MOFID

THE TOPIC which we wish to address here is vast; all we can reasonably hope to do is paint a picture with very broad brushstrokes. We will argue that the marketplace is not just an economic sphere, 'it is a region of the human spirit'. The secrets of a great many economic questions are divine in nature; economics should (in contrast to the way it is practised today) be concerned with the world of the heart and spirit. Although self-interest is an important source of human motivation, driving the decisions we make in the marketplace every day, those decisions nevertheless have a moral, ethical and spiritual content, because each decision we make affects not only ourselves but others too.

Today's economists consider their discipline a science, and thus divorced from inconvenient ethical details, the normative passions of right and wrong. They have made their discipline a moral-free zone. Yet the role of virtue in economics had been extolled since Aristotle. Adam Smith, in the eighteenth century, called human society an 'immense machine', and celebrated virtue as the 'fine polish' on its wheels. He excoriated vice as the 'rust' that causes the wheels to 'jar and grate upon one another'. Ethical considerations are central to life, he said, and 'keen and earnest attention to the propriety of our own conduct ... constitutes the real essence of virtue'. Modern economics began as a moral science taught by professors trained in the analysis of ethical contexts and conflicts. Smith's *The Wealth of Nations* (1776) is both a scientific treatise on economic development and a forceful statement about the ethics of markets and distribution of income. Justice

is central to his analysis and recommendations. When he elaborates on how global markets can yield greater efficiency, the issue of 'justice' arises about once every seven pages. In his earlier work, *The Theory of Moral Sentiments* (1759), Smith depicts justice as a moral concept of right and wrong that goes beyond legality. To him, 'Justice ... is the main pillar that upholds the whole edifice. If it is removed, the great, the immense fabric of human society ... must in a moment crumble into atoms.' He accordingly creates a model which allows for the development of moral conscience, and social capital in the form of trust and personal responsibility. This is the now dismissed ethical framework for his famous 'invisible hand'. That oversight is where modern neo-liberal economics has got it so wrong, bringing the world such a bitter harvest.

This study views the problem and challenge of globalisation partly from economic but primarily from ethical, spiritual and theological points of view. How can we order the modern world so that we may all live well and live in peace? Globalisation must combine economic efficiency with human needs to achieve social justice and a sustainable environment.

We moreover argue for the creation of an 'ecumenical space' for dialogue between civilisations, and for the building of community for the common good, by bringing together economics, spirituality and theology.

## CHAPTER 1

# *Globalisation for the Common Good*

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BY KAMRAN MOFID

**T**ODAY THE GLOBALISED world economy, despite many significant achievements during the last few decades, and especially since the end of the Second World War in areas such as science, technology, medicine, transport and communication, is facing major, potentially catastrophic, socio-economic, political, cultural and environmental crises.

We are surrounded by global problems of inequality, injustice, poverty, greed, marginalisation, exclusion, intolerance, fear, mistrust, xenophobia, terrorism, sleaze and corruption. These problems are affecting the overall fabric of societies in many parts of the world.

The twentieth century was the bloodiest in human history, with holocausts, genocides, ethnic cleansing, two world wars and hundreds of intra- and international wars. After decades of selfishness, greed, individualism and emphasis on wealth-creation without care about how this wealth is being created, the world is today entering a period of reflection and self-examination, and perhaps a spiritual revolution.

Many people around the globe have come to the conclusion that it would be possible to create a better world if only a critical mass of people, with a sense of decency and a belief in the ultimate goodness of humanity, would rise up and realise their power to transform the world. More and more people around the world are starting to see that

there are no short cuts to happiness. Material wealth is important – this should not be denied – but it is only one ingredient of happiness. A complete sense of inner peace and tranquillity can be achieved only through basing one's actions on virtues such as wisdom, justice, ethics, love and humanity. This spiritual revolution needs architecture and dedicated architects.

Today's financial globalisation, of which we hear so much, has created an environment and culture in which individual self-interest takes priority over social good. A transactional view of the world dominates economic thinking; personal relationships and the creation of a stable society are largely ignored in the maximisation of profits. Economic globalisation without compassion and concern for the common good creates a house of cards, ready to be blown away by forces it ultimately would not be able to control. The historian Arnold Toynbee, who traced the rise and fall of civilisations, asserted that spirituality was more significant than political leaders in the rise of civilisations, and that once a civilisation lost its spiritual core it sank into decline. This should be a lesson to those who believe they can create and control civilisations through brutal force.

In 2002 my book *Globalisation for the Common Good* was published, and the following year my booklet, *Business Ethics, Corporate Social Responsibility and Globalisation for the Common Good*. My main aim in both was to provide a critique of modern economics and the way it is taught in our universities around the world. I tried to use jargon-free language that was accessible to the general reader. Economics greatly influences public policy all over the world and, having trained as an economist and having taught it in universities for over two decades, I felt I should share its shortcomings with those most affected by it, namely the general public, including my students.

My secondary objective was to outline how economics could be developed to show a better understanding of how

the world really works, of what this life is really all about, instead of simplistically encouraging us to produce and consume more and more every day. I wanted to teach my students a different economics. I wanted to be able to engage with them on the bigger questions: how could our economic models and theories help us order the world so that we may all live well and live in peace and happiness?

This current study summarises my thinking over the past few years, and especially since the publication of *Globalisation for the Common Good*. Again it is simply written: it aims to be my dialogue with members of the general public. It is the fruit of my engagement with many people from different walks of life and from many different parts of the world. I have learnt a great deal from them, and I have been much inspired by them.

After teaching modern neo-classical economics for over twenty years, I had begun to see the light. I knew that I was going through a process of major personal rediscovery, although I was not yet sure where I was going.

In my previous publications I argued for a compassionate economics, explaining that the world needs a new vision of peace rooted in justice. We need a united international community dedicated to the well-being of all humanity and all creation. I explained why we need to bring together economics, compassion, love and justice in order to create a 'globalisation for the common good'.

However, I had not yet shared with my readers the personal motivation behind these ideals. What had happened to me that changed me so profoundly? Now I would like to share my personal journey with the reader. It has been an intellectual, emotional and spiritual journey; it has involved wrestling with a diverse range of concepts, ideas concerning the relationship between economics, theology and spirituality as well as concerns for human dignity and socio-economic justice.

I hope that my journey will inspire others, especially fellow economists, and particularly the younger generation,

to strive whole-heartedly and all the way for what they believe to be right and just. They have a very important mission and a difficult journey ahead of them. Edward Fullbrook in *A Guide to What's Wrong with Economics* describes what they are up against:

From the 1960s onward, neoclassical economists have increasingly managed to block the employment of non-neoclassical economists, narrow the economics curriculum offered by universities to students, and make their theories increasingly irrelevant to understanding economic reality. Now, they are even banishing economic history and the history of economic thought from the curriculum.

I sincerely hope that my experiences, which I will describe to you in my next chapter, will not be shared by any of the new generation of economists. A few years back, when I started to be a 'non-orthodox' economist asking awkward questions, I felt isolated and rejected, not knowing whether there were others in my field, however small in number, who felt as I did. Through *Globalisation for the Common Good* I discovered a few of them; since then I have made more discoveries – but the number is still too small. Hopefully in the future more will find the courage to discuss what is rotten in the house of neo-liberal economics.

In Chapter 2 I will be explaining how and why my idea for *Globalisation for the Common Good* developed. Chapter 4 will shed light on the roots of economics and provide a brief analysis of the way in which modern economics has gone so badly wrong. Chapter 6 will be a discussion of why religion-based economics matter. I will explore the reasons why economic analysis has, more and more over recent decades, become detached from morality and spirituality. I will discuss the implications of this segmentation for the discipline of economics and all those affected by its dictates. Finally, in Chapter 8, I will offer my recommendations for the synthesis of economics and theology.