

Few can contemplate without a sense of exhilaration the splendid achievements of practical energy and technical skill, which, from the latter part of the seventeenth century, were transforming the face of material civilisation, and of which England was the daring, if not too scrupulous, pioneer. If, however, economic ambitions are good servants, they are bad masters.

The most obvious facts are the most easily forgotten. Both the existing economic order and too many of the projects advanced for reconstructing it break down through their neglect of the truism that, since even quite common men have souls, no increase in material wealth will compensate them for arrangements which insult their self-respect and impair their freedom. A reasonable estimate of economic organisation must allow for the fact that, unless industry is to be paralysed by recurrent revolts on the part of outraged human nature, it must satisfy criteria which are not purely economic.

R.H. TAWNEY¹

The truth that I have tried to make clear will not find easy acceptance. If that could be, it would have been accepted long ago. If that could be, it would never have been obscured. But it will find friends – those who will toil for it; suffer for it; if need be, die for it. This is the power of Truth.

HENRY GEORGE²

Contents

<i>Acknowledgements</i>	xi
<i>Abstract</i>	xiii
CHAPTER 1	1
Introduction	3
CHAPTER 2	13
What Economics Was, What Economics Is: A Journey from Promised Land to Wasteland	15
CHAPTER 3	31
Poverty, Inequality, Injustice, Marginalisation and Exclusion: The Main Ingredients of Wasteland	33
CHAPTER 4	47
Common Good, Solidarity, Justice, Love, Faith and Hope: The Main Ingredients of the Promised Land	49
1 Promised Land	49
2 Economics as Theology	52
3 A Catholic Perspective on Justice Theory	57
4 A Perspective on the Social Teachings of the Catholic Church	62
CHAPTER 5	73
Promised Land Revisited: A Philosophy for a Progressive and Just Society	75
	ix

CHAPTER 6	81
Common Problems and Crises: Common Front and Common Hope – An Interreligious Perspective	83
<i>Notes</i>	93
<i>Bibliography</i>	103
<i>Index</i>	107

CHAPTER 1



Many feel completely lost. Only a few still dare to be critical and ask what the reasons are for the present threat to the lives of human beings and to nature, and whether there are any alternatives.

ULRICH DUCHROW¹

You might not see things yet on the surface, but underground, it's already on fire.

Y.B. MANGUNWIJAYA²

Capitalism is an affront to the equal valuation of human beings and a denial of human freedom. It is a system of structural inequality and unfreedom, wrapped around with layers of ideological mystification.

R.H. TAWNEY⁴

CHAPTER 1

Introduction

IN THE LAST FEW DECADES, and especially since the end of the Second World War, there have been massive achievements in the growth of industrialisation and modernisation. Without much difficulty, we can see all around us evidence of quantum leaps in the development of science, medicine, information technology, transportation, communication, finance, banking, and much else. Today the pace of change is breathtaking. According to Hutton and Giddens, it is the interaction of extraordinary technological innovation with worldwide reach, driven by a global capitalism, that gives today's change its particular complexities and complexion. 'It has now a speed, inevitability and force that it has not had before.'³ Following the collapse of Communism with its planned economy, the transmission system for all changes taking place today is market capitalism – now unchallenged as the means through which the world organises its economy and society.

Considering the achievements, the pace of change and globalisation, one with a charitable inclination towards my profession could argue that economics and economists have made a major positive contribution to the world. However, given the extent and persistence of so many catastrophic crises at local, national and global levels, I and many others can equally argue that there are major shortcomings within the discipline of economics. These shortcomings need to be identified, analysed and debated: otherwise, in my view, the crises will become so out of hand that the fundamentals of human existence and our shared civilisation could be seriously undermined.

This, in a nutshell, is the concern of this book. I hope to

identify some of the crises and the reasons for them, and to debate and analyse them, in order to provide constructive alternatives to current destructive ideas and models. I hope the book will prove to be a journey from wasteland to promised land. In developing these thoughts, I am influenced by the statements of three scholars who share my concerns. These are quoted at the beginning of this chapter.

What are the main crises faced by modern societies? There are global problems of inequality, injustice, poverty, marginalisation and exclusion. There is also the crisis of environmental degradation and global warming. Furthermore, there is a huge rise in crime, corruption and sleaze. While globalisation and revolutionary improvements in communication and transportation have brought many of us closer together, they have also resulted in a mass migration from the poorer South to the richer North. Xenophobia, fear, mistrust and intolerance are affecting the overall fabric of societies in many parts of the world and are an ongoing problem.

Despite advances in material well-being we have not become happier in the process. Most of us have maximised our profits and incomes but we are not at ease with ourselves and with others. What seems to have happened is that we have all become producers and consumers with no generally agreed set of assumptions on theological, moral, ethical and spiritual values – a point to which I shall return later.

To expand the above observation, the following was noted by George Bull⁵ and is most revealing. Pause for thought:

In 1923, a very important meeting was held at Edgewater Beach Hotel in Chicago. Attending this meeting were nine of the world's most 'successful' financiers. Those present were: the President of the largest independent steel company; the President of the largest utility company; the President of the largest gas company; the greatest wheat speculator; the President of the New York stock exchange; a member of the President's cabinet; the greatest 'bear' in Wall Street; the head of the world's greatest monopoly; and the President of the Bank of International Settlement. This, we must admit, was a gathering of some of the world's most successful men – or at least men who had found the secret of making money.

Twenty-five years later (in 1948) let us see what had happened to these men: the President of the largest independent steel company had died, bankrupt, having lived on borrowed money for five years before his death; the President of the largest utility company had died a fugitive from justice, penniless in a foreign land; the President of the largest gas company was insane; the greatest wheat speculator had died abroad – insolvent; the President of the New York stock exchange had recently been released from Sing Sing penitentiary; the member of the President's cabinet had been pardoned from prison so that he could die at home; the greatest 'bear' in Wall Street had died – a suicide; the head of the world's greatest monopoly had died – a suicide; the President of the Bank of International Settlement had died – a suicide.

'All these men learned well the art of making money, but not one of them learned how to live,' commented the compiler of this list. Although, as George Bull admits, the list is surely wickedly contrived and selective, nonetheless it is a good reminder of the importance of moral and ethical perspectives in international business. Today, as in 1923, after many global achievements, we have still in most cases succeeded materially at the expense of spiritual development and enrichment. Indeed there have been huge increases in the numbers of cases of loneliness, isolation, homelessness, stress, anxiety, depression, racism, intolerance, alcoholism, drug abuse, child neglect, divorce, suicide, and other evils.

In the process of modernisation and industrialisation we have become more and more individualistic, more secular. We have lost the art of empathy and sympathy. Progress has been at the expense of comradeship, solidarity, concern for others and a sense of the common good.

We must now ask the questions 'What has gone wrong?' and 'What can be done about it?'

I should like to answer the second question first. The solution lies in the reintroduction of faith, morality and ethics into our lives, personal as well as economic. In my view, religion can play a pivotal role in reversing the current trends.

To answer the question 'What has gone wrong?' I shall

argue, in the light of my own experience as a lecturer in economics for over twenty years, that the way the subject is taught all over the world is the central reason for our current failings. There has been too great an emphasis on self-interest, narrowly interpreted, as the sole motivator of economic action; an excessive reliance on mathematics and IT, and on almost incomprehensible jargon; an aversion to co-operation with other disciplines in the humanities and social sciences in order to carry out joint research and formulate broad-based policies; and above all an inability or unwillingness to address economic issues in the context of ethics, morality and faith.

After all, many of the issues that people fight over, or their governments put forward, have ultimately economics at their core – issues such as jobs, wages, income, profits, investment, growth, taxes, interest rates, production, consumption and trade.⁶

We, the economists, have habitually blamed others for society's failures. 'If only they had listened to us ...', we argue when things go wrong. I should like to put the record straight. I want, in this study, to be inward-looking and self-examining. I want to depart from the textbooks and allow wisdom to prevail.

In order to provide alternatives, I shall argue that the teaching of economics in our high schools and universities should become more down to earth, more in touch with reality, more in line with our human needs and language. We have had enough of incomprehensible jargon and complicated mathematics. Economics should give more thought to the human dimensions of religion, faith, morality and ethics.⁷

At this point I must stress that under no circumstances am I against economics, market economy, earning the fruits of risk-taking, globalisation, production or consumption *per se*. What I am against is the concentration on self-interest at the expense of all other dimensions in economic decision-making. In the words of Paul Ormerod, writing in *The Death of Economics*, 'Innovation, entrepreneurship and profits are still essential. Economic competition exists on a global scale, and economies must be equipped for it. But economic success can be achieved, and achieved more successfully, within a broader

and more beneficial framework than that driven by the pure, individual rationality of the economics text books.⁸

Economics needs to return to its original roots. Let us not forget that Adam Smith, author of *An Inquiry into the Nature and Causes of the Wealth of Nations*, ‘father of modern economics’ and ‘mentor’ to many economists and politicians, was first and foremost a Professor of Moral Philosophy at the University of Glasgow and, before he wrote *Wealth of Nations*, was already famous for his great work, *The Theory of Moral Sentiments*⁹ – more of this in future chapters. Economics and the economy could be better understood and appreciated in this context.

Given the above, the words of John Young ring true: ‘a true grasp of how the economy should be constituted shows it to be a thing of harmony and beauty, all its parts co-operating for the common good, and its inbuilt laws distributing benefits equitably.’¹⁰ In short, the focus of economics should be on the benefits and the bounty that the economy produces, on how to let this bounty increase, and how to share the benefits justly among the people, to the common good, removing the evils that hinder this process.¹¹

A further point is that, in attempting to industrialise and modernise, our main objective, it seems, has been to increase our material and financial well-being regardless of the true cost. In the process, through the main teachings of economics and the workings of the economic world, we have become individualistic and self-centred. In the words of Pope John Paul II, in his message on World Peace Day, 1st January 2001, ‘Western cultural models are alluring because of their remarkable scientific and technical qualities, yet, there is growing evidence of their deepening human, spiritual and moral impoverishment.’ The Pope then observes that, ‘Western culture is marked by the fatal attempt to secure the good of humanity by eliminating God.’

In the light of the above statement, which I strongly endorse, I offer the following, which is based on personal as well as academic experience.

When I was growing up, I was much encouraged to believe in one God, the ultimate reality, the unconditioned one, the

Holy God, the maker of Heaven and Earth, of all that is seen and unseen. I was encouraged to love him and to worship him in spirit and truth. I was encouraged to trust him, to praise him and to pray to him. Above all, I was guided to act ethically and be good to, and do good for, others. Today, the globalised capitalist economy has emptied our churches and other places of worship; it has catastrophically weakened the ethical and moral dimensions of our societies.

Today, in place of the one God that I was encouraged to believe in, we have been offered many global gods to worship. For many people, today's gods include the likes of Nike, Adidas, Levi, Calvin Klein, American Express, Nokia, AOL, Microsoft, Disneyland, Coca-Cola, McDonalds and Carling Black Label.¹²

Following the destruction of Sunday as we knew it, there has been a drastic decline in church attendance. Today's global churches are the shopping malls, the superstores and factory outlets, many of them open twenty-four hours a day for maximum worship! Madeleine Bunting's contribution to the 'Common Good' debate in *The Guardian* (21st March 2001) is most telling:

... Christianity may have steeply declined but its language still permeates the public sector – words such as 'service' and 'vocation'. A belief in altruistic, self-sacrificing service was a central thread running through the lives of many public servants and inspired great respect amongst those who encountered it. But from the 1960s onwards, secularisation introduced a new concept of duty to oneself along with a language of personal emotional needs and fulfilment which has powerfully reorientated the individual towards a preoccupation with self. Personal identity has been severed from any wider collective context such as class, creed or nationality. The decline of these collective identities of nation, faith and ideology – has left a vacuum and has been taken over and exploited by consumer culture. The most powerful collective identities now are those we buy: DKNY or CK mean more to your average teenager than any government service. Where once socialism offered the promise of a better world, now GAP does. Nike sells its flash on the heroic myth of near superhuman individual effort and achievement. Where once every seven-year-old girl wanted to be a teacher or a nurse, now they want to be Britney Spears. We have a culture of individual aggrandisement and self-promotion in which self-effacing service has no place ... But the government's voice is drowned out by consumer

culture which is primarily focused on your relationship with yourself rather than a relationship with a wider collective: it is typified by the L'Oréal slogan, 'Because you're worth it.' Brands are monikers to exclusivity, so they exclude as many as they include. Besides, DKNY is belonging to what? In that quest, a vision of the common good to which a new generation can subscribe is strikingly absent.¹³

To conclude my observations on the above topic, the following statement by Brian Griffiths is noteworthy: 'I believe this is precisely what the "crisis of capitalism" is about. It is nothing less than the crisis of humanism as a religion being played out in economic life.' He goes on, 'If freedom is made an absolute, as it is for example in the writings of Milton Friedman and Friedrich Hayek, such that it is impossible on intellectual grounds to place limits on the exercise of freedom, the result is an economic system shorn of justice ... My contention is that both the injustice and inhumanity of capitalist societies result inevitably from the failure to assert certain absolutes and so place proper limits on the use of freedom.'¹⁴

Although I defend certain positive benefits of a well controlled, regulated and accountable market economy, I also maintain that there can be no civilised marketplace without morality, ethics or religion. I will argue that the solution to the current socio-economic global crises is not technical. It needs to be looked at again in a fresh way that will embrace human values of morality, ethics and faith. In my view, the re-introduction of religious values and principles of justice can play a pivotal role in reversing the current trends. As Ulrich Duchrow and his associates have observed, this coincides with Jesus' vision of God's kingdom in which the leading perspective is not the profit of the fittest, as in neo-liberal globalisation, but the rescue and empowerment of the weakest.¹⁵

For true believers in Christ, the following questions, in my view, are of the utmost importance:

If, according to Ephesians 1, God is preparing in human history that everyone and everything is brought under the Lordship of Jesus Christ, His Shepherd – King – His own globalisation, shouldn't then caring and sharing for and with each other be the main characteristic of our lifestyle, instead of giving in fully to the secular trend of a growing consumerism? What has happened to the basic teaching of common

stewardship and Christian solidarity with the suffering neighbours who in fact are the members of the same body of Christ?⁷¹⁶

I should like to reaffirm my belief that religion – and in the context of this book, Christianity, Catholicism – offers a just perspective and provides ethical and moral solutions to problems of political economy and the workings of the marketplace. To this end this study will seek to find out in more detail what has gone wrong with economics. Given our concerns, we need to understand what economics used to be considered and what it is now. Chapter 2 will attempt to provide a working definition.

For me, the massive rise of indebtedness and poverty in the Third World, combined with poverty, marginalisation and the exclusion of the great majority in the First World, are clear signs of the failure of the capitalist world economy. To highlight this catastrophic failure, in Chapter 3 I shall attempt to provide an analysis of these issues.

Because I believe that religion offers a just and ethical perspective on today's capitalist globalised economy, in Chapter 4 I shall debate some aspects of the social teachings of the Catholic Church. Given the limitations of this study, I shall concentrate on the meaning and consequences of solidarity, subsidiarity and the common good.

Chapter 5 is where I shall complete my journey from wasteland to promised land. Alternative models to the current one will be suggested. Here theological and ethical arguments will embrace our economic mind and come up with practical proposals for a life-enhancing economy.

In this study, as already stated, in attempting to provide a theological and ethical alternative to the current capitalist world economy, my emphasis will be on Catholic social teachings. However, it is important to say that my arguments should be seen as inclusive rather than exclusive. I see myself more as a believer in, and follower of, inter-religious dialogue than as a missionary crusader. I am open to inclusivity rather than closed in exclusivity. I have a message that I want to share with as many people as possible: not only with Catholics but also with believers in the other great religions of mankind. In

a personal letter to me from the Dalai Lama, he writes that 'all the major religions of the world have equal potential to transform people into good human beings ... each religious tradition is a great source of inspiration for the millions of their followers.'

I believe that by empowering others to share with me, I will empower myself to share with them; by empowering others to teach me, I will empower myself to teach them. In this way I can spread the 'Good News' of the 'Catholic Social Teachings' to a much wider audience than if I were exclusive.

In reaching this state of mind, I have more than anything been influenced by the writings and statements of Pope John Paul II. His great works on ecumenism and his dialogues with others have provided me with a major source of inspiration. I have also been guided by the tireless efforts of Cardinal Francis Arinze and Bishop Michael Fitzgerald, President and Secretary respectively of the Pontifical Council for Inter-religious Dialogue. The document *Nostra Aetate (In Our Times)*, from Vatican Council II, has also been a great source of guidance and inspiration.¹⁷

In Chapter 6, I shall discuss the possibility of an inter-religious common front, and common hope, to address our global crises.

CHAPTER 2



Systemic, universal brainwashing is the crime, tendentious mental conditioning calculated to mislead students, to impoverish their mental ability, to bend their minds to the service of a system that funnels power and wealth to a parasitic minority.

MASON GAFFNEY¹

Good economists know, from work carried out within their discipline, that the foundations of their subject are virtually non-existent ... Conventional economics offers prescriptions for the problems of inflation and unemployment which are at best misleading and at worst dangerously wrong ... Despite its powerful influence on public life, its achievements are as limited as those of pre-Newtonian physics ... it is to argue that conventional economics offers a very misleading view of how the world actually operates, and it needs to be replaced.

PAUL ORMEROD²

An orderly society is not, by itself, sufficient to satisfy human needs. Tyrants have a knack for enforcing order, but they exact a price that many people would rather not pay. Most of us expect the rules that establish order to be synchronised with the principles of Justice ... Capitalism lacks that moral basis, for its emphasis on self-interest, and the rights of the individual, are not properly balanced by the collective rights of the community. Justice, therefore, was something that reformers had to graft onto the outer skin of the system, for it had not been built into the foundations.

FRED HARRISON³

One reason why this is extraordinary is that economics is supposed to be concerned with real people. It is hard to believe that real people could be completely unaffected by the reach of the self-examination induced by the Socratic

question, 'How should one live?' ... a central motivating one for ethics. Can the people whom economics studies really be so unaffected by this resilient question and stick exclusively to the rudimentary hard-headedness attributed to them by modern economics?

AMARTYA SEN⁴

Whether it be politics, philosophy, religion or anything else, the one cardinal characteristic of truth is simplicity. The greatest truths that man ever heard were spoken in the language of simplicity in the streets of Jerusalem. Simplicity and truth stand together, and whenever you get complexity, beware, because there is a falsity somewhere.

ANDREW MACLAREN⁵

Modern society is sick through the absence of a moral ideal ... The essence of all morality is this: to believe that every human being is of infinite importance, and therefore that no consideration of expediency can justify the oppression of one by another. But to believe this it is necessary to believe in God ... It is only when we realise that each individual soul is related to a power above other men, that we are able to regard each as an end in itself.

R.H. TAWNEY⁶