

Justice and Markets

Church of Scotland

Church and Society Council

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JUSTICE AND MARKETS

1. Introduction

1.1 This report is being prepared in an economic context which is almost unprecedented in the history of the post-union Church of Scotland. Any commentary on recent events has the potential to aim at some obvious targets, both individual and cultural. The culture of greed, the obsession with possessions, the constant juxtaposition of wealth and success, the assumption that all wealth creation is inherently good and, if not morally acceptable, certainly morally neutral, are all easy targets. The actions or inactions of political leaders in assessing the need for scrutiny and regulation and those of the people who inhabit the board rooms of financial institutions, who apparently built an industry on debt to make money, using financial models they didn't fully understand, are all open to rigorous questioning.

1.2 Important as these issues are, that kind of scrutiny will not, in itself, find the kind of answers which bring about systemic change in the way we as a society understand and engage with our economic system. We need to create a space so that deep, fundamental questions can be asked of the system itself: questions about justice and fairness. Questions which place the needs of humanity at their heart.

- 1.2.1 To provide a meaningful analysis of the seismic changes which have taken place in the global economic situation, changes which are rooted in decisions made in the past 20 and more years, is a task which cannot be done in six months. This report will therefore set out the context for further and deeper reflection, leading to a process where the Church seeks to help create the space where such serious and fundamental discussions can take place over a longer timeframe.
- 1.2.2 There are people in communities up and down the country who are suffering here and now and who cannot wait for longer term reflections which might lead to deep change. They live in communities served by congregations. This report will therefore also lay out some ideas and opportunities, set in a theological framework, as to how congregations might consider their more immediate response to those suffering as a consequence of the global financial crisis.
- 1.2.3 Congregations are gatherings of individual Christians, all of whom who are on their own spiritual journey and many of whom will also want to reflect on how they personally respond to the global financial crisis in the here and now. How do Christians apply the Biblical injunctions of justice and fairness to their everyday economic activity? Is it possible to formulate a personal Christian ethic of economics? This report will attempt to lay out how that task might be approached.

1.3 This report thus seeks to set out some guidance for individual Church members, for congregations within the Church, and for wider society, in an effort to identify some ethically desirable actions, and also to outline the form of social conventions which might support their widespread adoption. It seeks to raise questions which have contemporary resonance,

systematically exploring related ethical concerns in sufficient depth that it might be a point for reference for future discussion within and beyond the Church.

2. Seeking the Gospel view of Economics

2.1 In recent months it has become commonplace for commentators to suggest that only by going back to the Great Depression of the 1920s and 30s could we find a series of events which were comparable in scale and severity to the market conditions currently being experienced across much of the international financial system.

2.2 The response of the church to the industrial struggles of the 1920s and the social and economic miseries of the Depression years could perhaps best be described as inadequate. This failure has been attributed in part to a lack of compassion for and identification with the poorest and hardest hit sections of Scottish society. However, they were also seen as reflecting a failure on the part of the Church to develop an informed, theological vision of economics which would enable its voice to sound out clearly. They were simply not equipped or prepared to offer a critical analysis, or to bring a prophetic word.

2.3 By the 1930s this nettle had been grasped in a process largely directed by the Scottish ecumenical pioneer and statesman J.H. Oldham, rooted in preparation for the major ecumenical conference of Oxford in 1937. Rev Professor John Baillie of New College was a key Church of Scotland figure in this process and it is notable that at the Oxford Conference, Baillie chose to work in the section considering questions of 'Economic Order' along with R.H. Tawney, V.A. Demant, John MacMurray, T.S. Eliot, Paul Tillich and Reinhold Niebuhr. - an extraordinary concentration of Christian intellectuals by the standards of any age.

2.4 In addition to the major achievement of the Oxford Conference itself, the processes of preparing for and participating in it were the indispensable foundations for the widely acclaimed work of the Church of Scotland's Baillie Commission during the Second World War¹. The key statements on economic questions in the reports to General Assembly of 1942 and 1944 must be seen as the fruits of a decade of serious preparatory work and engagement on the part of key figures within the church – both academics such as Baillie and former parish ministers, including George MacLeod, who convened the Commission's Industrial Relations group.

2.5 There are lessons to be drawn from this backward look at the Church's social theology. In particular, that our capacity to speak into a profound economic crisis may need to be developed over time through study, debate, and discussion, and through listening to the voices of the poorest in our society and those who advocate for them. The Assembly should consider seriously what learning from that model and applying a 21st century version of it means in practice.

2.6 This could be helped greatly by the work of Duncan Forrester and the Edinburgh-based Centre for Theology and Public Issues (CTPI). It was the vision of Forrester and his

¹ Please see A. Hastings, et al (1994): *God's will in a time of crisis: A colloquium celebrating the 50th anniversary of the Baillie Commission*. Centre for Theology and Public Issues, University of Edinburgh. http://www.div.ed.ac.uk/fullpublicat_1.html

collaborators for a new era of theological engagement with public life which led to a series of theological consultations on public issues from 1984 onwards. This process lay behind the *Just Sharing* report of the Church and Nation Committee. Produced by a working group chaired by Forrester and presented to Margaret Thatcher in 1988 after her ‘Sermon on the Mound’ address to the General Assembly, the report became a powerful symbol of the Church’s critique of government policy in the 1980s.

2.7 Each of these previous eras called out a profound and hard won theological response from the Church of Scotland as it struggled to move beyond ethical generalities and pious sentiments and to produce a genuinely theological reflection on the economic principles and practice of the day.

2.8 The political and economic situation of 2008-9 demands a similarly serious and detailed response. Over a period of a few months, the international financial system has been shaken to its core by a series of economic crises which have raised profound questions about the structure and character of financial markets, about the effectiveness and seriousness of government regulation of the banking and financial services industries and about the assumed values of ‘the market’ and ‘private enterprise’ which had accompanied the so-called triumph of capitalism in the post 1989 world.

3. Capitalism – Roots and Ends

3.1 We believe that a theological understanding of these events is not a peripheral or eccentric reading of them, but is essential to penetrating to the heart of their significance. It is interesting that the language used by economic commentators to describe what is missing in the present system are words such as **trust**, **faith** and **confidence** - words with deep theological resonances. Theology is not only or even primarily concerned with questions of individual greed and the personal morality of key actors, although it is also concerned with these. In their 2007 study of theology, ethics and economics, Long and Fox remind us that a theological understanding insists on asking fundamental questions about the purpose of our human economies in relation to God’s:

Theology and social analysis are always already linked. When we are doing theology we are already doing political and economic analysis. When economists are doing economics they are also doing theology. The question is which theology is being done, not if it is being done. Everything is theological.

To use God for political or economic ends is to take God’s name in vain. That everything is theological then means something different from this; it means that everything which is creature, by virtue of being creature, bears some sign, some mark, some relation to the Creator and theologians must narrate all those creatures within the divine economy².

² Long, D.S. and N. R. Fox (2007): *Calculated Futures*, Waco, Baylor University Press, p6-7; see also D. S. Long’s previous volume *Divine Economy*. Routledge (2000)

3.2 The year 2009 has been designated Scotland's Year of Homecoming. This year also brings together several major conferences on Adam Smith linked to the homecoming year³, and others marking the 500th anniversary of the birth of the Swiss Reformer Jean Calvin.

3.3 Famously, both the sociologist Max Weber and the economic historian R.H. Tawney⁴ have explored the connections between religion/ Protestantism and capitalism. Some 100 years after Weber, and 80 years after Tawney, we find ourselves once again at a critical historical moment when the foundations and 'spirit' of capitalism are being weighed and found wanting. In our time, we believe we too must ask searching questions about the role of theology in analysing and evaluating the structure and nature of capitalism. We are conscious that even twelve months ago, a sentence like the previous one which referred directly to 'Capitalism' might have sounded unusual in a way that it does not now. This change has happened around us in recent months, as public discourse on mainstream media has begun to regularly and openly use the 'C' word in its reporting and debating of 'the credit crunch'. This in itself is significant: a word which by the millennium had largely retreated into the ritual vocabulary of a small minority of the Far Left has suddenly become a serious and even essential term in mass media discourse on the economy. It is a sign of the need for radical analysis, in the sense of analysis which means to get to the 'root' of things; and as Long and Fox remind us, the roots of economics are theological.

3.4 As well as tracing the roots of economic questions, asking questions of fundamental principle about how economics is related to the Creator, we need to also ask about the proper 'end' and goal of economic activity – to ask, that is, what our economies are made for. In his 2008 book *Being Consumed: economics and Christian desire*, William Cavanaugh draws on the Augustinian-Thomist tradition to assert that:

The key question in every transaction is whether or not the transaction contributes to the flourishing of each person involved and this question can only be judged, from a theological point of view, according to the end of human life, which is participation in the life of God⁵.

3.5 This focus on ends, and upon the true end of human life, resonates with one of the central concerns of John Baillie from an earlier era of Church of Scotland reports. Baillie frequently invoked the first question in the Shorter Catechism,

What is the chief end of man?⁶,

not just as a piece of pious rhetoric, but to insist, as Cavanaugh does, upon the key importance of a teleological understanding of economics. In this globally historical moment, when both basic and ultimate questions are being asked about economics with renewed urgency, one of the key

³ 2009 sees the 250th anniversary of the publication of his first book, *The Theory of Moral Sentiments*, in which he first uses the phrase "the invisible hand of the market".

⁴ Weber, M. (2008): *The Protestant Ethic and the Spirit of the Capitalism*. IAP; Tawney, R.H. (2008): *Religion And The Rise Of Capitalism*. Hesperides Press.

⁵ Cavanaugh (2008): *Being Consumed: economics and Christian desire*. Eerdmans Publishing

⁶ Question 1 in *The Shorter Catechism*. Banner of Truth Books (1998) (*The prescribed answer to the question is: "To glorify God and to enjoy Him forever"*).

contributions the Church is called to make is to insist with renewed conviction that there is an end, a goal, a *telos* to all of our economic activity.

4. Confidence Games and Making (Un)Real Money

4.1 Developing a theological understanding of the economic convulsions and market failures which began in 2008 must also involve us in analysis of exchanges and the assumptions which lie behind the day to day workings of postmodern market capitalism. Here, we should remember that Christian theology has a rich tradition of experience in reflecting upon relationships between symbol and reality. Commenting on the current crisis in relation to his recently reissued study of money and markets, *Confidence Games*, theologian Mark Taylor argues that:

What makes today's crisis of confidence unique is its unprecedented scale, and the threat it poses to the current form of capitalism. In previous forms, industrial and consumer capitalism, people made money by buying and selling labor and material objects. In the modern era of finance capitalism, wealth is created by circulating paper with marks, backed by other symbols and still more symbols behind them, in a regression that is limitless as long as confidence in symbols endures.

*This crisis of confidence goes beyond economics. The financial meltdown is a symptom of a profound crisis in our sense of reality, which is endemic to contemporary society and culture.*⁷

4.2 At an everyday level, many of us will in the past have joked about taking our paper money to the banks and asking them to “*pay the bearer on demand*”. What Taylor reminds us of is the way in which that quaint, archaic inscription on our banknotes marks their function as indeed promissory notes. These ‘promises’ circulate within a symbolic economy whose “reality” is hugely dependent upon confidence in the stability of what those symbols mean. However, there has been no loss of trust in money in the capitalist system - the classic symptom of loss of trust in money is hyper-inflation, in which case people start bartering. Instead, the current crisis is a crisis of faith. Collateralised debt obligations (CDOs) and other financial instruments held out the promise of certain future returns that have been found wanting. The sub-prime mortgage market held out the promise of home ownership to people that did not have the resources to achieve it.

4.3 The events of 2008 have demonstrated all too clearly what happens to liquidity when this confidence collapses the science of economics is positioned within a broader set of assumptions and stories about ‘how things are’ and so we need the insights of philosophy and theology in order to get our bearings. Here economics itself, in Long and Fox’s terms, needs to be narrated in terms of some larger economy.

4.4 As testimony to this, in times like these the vocabulary of our financial system becomes transparent to us in ways which reveal its profound dependence upon religious and theological

⁷ Taylor, M. C. (2008): *Confidence Games: Money and Markets in a World without Redemption*. University Of Chicago Press. Also http://pressblog.uchicago.edu/2008/11/12/the_economy_is_a_confidence_game.html

concepts: we see through to the *credo* of credit; to the trust factor in trust funds and unit trusts; to the spiritual dimensions of values, worth and securities.

4.5 Taylor highlights three specific developments since the 1970s which have created the conditions in which the current crisis has occurred:

- *The computerisation of financial transactions and the real time instantaneous globalisation of trading networks through the internet has accelerated the speed and frequency of trading in ways which have introduced unprecedented potential for volatility and risk.*
- *The valorisation or even idolisation of “the market” as a god-like collective intelligence which would always lead to appropriate self-corrections of pricing.*
- *A corresponding retreat from governance, fuelled by a Reaganite insistence that “government is the problem”, by a loss of confidence within nation-states about their power to influence globalised flows of capital and by demands from large corporations for “light-touch” regulation.⁷*

4.6 To quote Taylor again:

The current crisis of confidence is part of a broader crisis of values rooted in how we have come to understand reality itself. Time-tested truths are unraveling, and foundations that long seemed firm are crumbling. In contemporary philosophical terms, money has become virtual, unmoored from the “real” economy. Reality, however, doesn't simply disappear. It is repressed only temporarily, eventually returning to disrupt what seemed to replace it.

The challenge is to turn this current threat into a long-term opportunity by fashioning new values and new regulations for a world in which realities are constantly changing and securities will never again be secure.⁷

4.7 It is the calling of the Church in the Public Square to bring light and direction to places of crisis, to aid the search for meaningfulness in the human condition and to offer guidance to a different view of human living. Human relationships and self understandings have become more and more shaped by economic transactions and ideas of wealth and status. In that change, there is a deep sense that the human element has been lost to the transaction part. If our economic system can evolve to a place where there are transactions so complex that no-one, not even those most closely involved, can truly understand them, then it is no surprise that the human consequences of the risks involved in their failure were either ignored or not considered - or simply not comprehended.

4.8 In classical capitalist terms, trust between banks has now been lost because the vital system of assessing risk and uncertainty was turned on its head. That lack of trust has come because the stage was reached where bundles of unsecured debt were being sold as collateral, against which more debt could be obtained in financial instruments of such complexity that neither borrowers

nor lenders knew who owed what to whom. Far from being the way in which human need can be met, the market place has become a house of cards whose collapsing was inevitable because of its own unwillingness to face its excesses - the very excesses which were seen as signs of its success. This collapse came at a huge cost for many people far removed from the decisions which took our financial institutions on that journey. All of us are involved in this process including churches who expected to gain from investments.

5. Economics and Ethics

5.1 This report works within a framework of virtue ethics. This is quite different from the utilitarian analysis typical of economics, in which outcomes are appraised according to some efficiency criterion. Economic analysis does not easily concern itself with the processes by which outcomes are achieved, or the relationships between actors: in order to justify action leading to greater equality of incomes, economic analysis might determine whether this results in an increase in some measure of total utility across society. Whether the outcome is achieved through charitable gifts, recognition of kinship relations (as in the story of Ruth⁸), theft, redistribution of wealth through the tax system or the mediation of the church as the representatives of the poor in Christ is less important, except insofar as the mechanism affects the utility of each of the parties.

5.2 Within a virtue ethical framework, both the justice of the action and the outcome can be analysed. Justice in exchange represents the concept of commutative justice, (giving and receiving equally), while justice in outcomes represents the concept of distributive justice - giving to each their due. The demands of charity and justice often seem to be in opposition to each other.

5.3 Similarly, there may seem to be a tension between the practice of the virtue of temperance or moderation of tastes (in which resources are husbanded carefully to avoid risk), and the practice of the virtue of courage, which in an economic context is epitomised by entrepreneurial business activity intended to create wealth through the exploitation of innovation, on which risk necessarily attends. Such tension can be resolved by allowing for the practice of prudence or practical wisdom: the knowledge, in this case, of how to undertake a business venture so that risk is managed effectively. It is noteworthy that the institutions which seem to have survived the financial crisis better than others are those which resisted the transformation into a “savings bank bolted onto a casino”⁹. By concentrating on the core activities of banking and managing these effectively, they did not share fully in the large profits during the housing boom, but nor have they ended up with their businesses mortgaged, sold off, or closed down. In this sense, they are now seen to have acted virtuously, balancing prudence, courage and temperance.

5.4 The idea of value-free economics always masks beliefs and judgments, but, more importantly, prevents economists from being aware of the importance of the pursuit of virtue. Many economists understand that the belief that economics can be constructed without reference to values fails since some values are necessarily embedded in the account of human behaviour

⁸ Ruth 4: 1

⁹ Dr R Mochrie 2008 Personal Communication

which reduces it to the simple pursuit of self-interest, unaffected by social norms or moral principles.

6. A response

6.1 All of the foregoing demands a response which challenges all those who are involved - Governments and financiers, policy makers and the public - to change how they see the act of economic exchange in meeting human need. The response needs to explore what can be achieved through regulation and legislation along with the reworking of the voluntary commitments such as the financial sector's Cadbury Code¹⁰. It must deal with the issues of corporate social responsibility encompassing not simply charitable giving by companies, but by taking account of the consequences of their actions. The ethics of risk and the concept of improving the "social capital" of a business should be measured alongside its carbon footprint and its "bottom line" profit or loss¹¹. The response needs to name injustice and recognise the power of forgiveness; it must help the nation review and re-articulate what it wants as the ethical drivers of economic decision-making and the place of wealth creation in our political and social priorities.

6.2 It is a significant task of the Church to be one of the spaces and places where that response is shaped. Not in order that the response is the Church's, but that the Church, in speaking prophetically and calling for justice, is engaging with those who have the power to make those words a reality. Our prophetic role to the nation is to name the kind of mistakes, including our own, which have taken us to where we now are. Our call for justice will be lost to the wind if it is not backed by action and witness. That is why this report recommends that the General Assembly uses this coming year to prepare a proposal and remit for a significant and broad based commission on a new perspective on the role of economics and society, to be presented to the 2010 Assembly. This might take the form of preliminary conferences, drawing on expertise from within and outwith the Christian community, including leaders from business and industry, government, the Trades Unions, the financial sector, Churches and other interested parties in Scotland.

6.3 It is important that this be seen at the outset as dialogue leading to action. If the 2010 Assembly agrees to this commission, it would aim to give an interim report in 2011 and full report in 2012.

7. Witnessing the Gospel view of Economics

7.1 From earliest times the story of God's people has called us over and over again to live responsibly with compassion. This applies as equally to our economics as it does to every other part of our lives. Throughout the Hebrew Bible the people were instructed to care for the widow, orphan and stranger, which means everyone in need. When they forgot they were called to account by the prophets. Justice pervades the entire Hebrew Bible, justice for all in every part of life, it is a central tenet to the law as well as the prophets. No one left out, all of us called to

¹⁰ Report of the Committee on the Financial Aspects of Corporate Governance: The Code of Best Practice (Cadbury Code) - 1 December 1992.

¹¹ See, for example, <http://www.transformingbusiness.net/>

common action that builds a caring, responsible, just community. In the face of their failure the people were reminded of the call to love neighbour and stranger.

7.2 When Jesus talked of loving your neighbour and the stranger he was reminding us that there are not any no go areas for God. Even economics matters to God. When he touched the sores of those affected by leprosy he was reminding us that no-one should be left out, no matter how much we might struggle to see what it is we can do to help. When he healed the man lowered through the roof he reminded us that common action to help those who are struggling brings results far greater than we might otherwise have anticipated.¹²

8 Virtue and efficiency

8.1 Throughout its history, the church has tended to have an uneasy relationship with commercial activity. Augustine argued that, as the fall was absolute, and so man was inherently selfish, it was impossible for a Christian to be a merchant. The church sought to regulate commercial behaviour very severely, most famously by treating the charging of interest as the sin of usury for many centuries.

8.2 It is central to Calvinist theology that the signs of grace include a desire to do good works, which might be interpreted here as seeking to develop a virtuous disposition, not merely across spiritual practices but also in managing and using material resources. In common with other theological traditions, it emphasises the contingent nature of property rights - especially through use, the need for charity, and the strength of the ties of obligation which bind societies together.

8.3 Given his role in church leadership, it is easy to overlook the extent to which Thomas Chalmers, first as Professor of Theology at St Andrews, and then of Moral Philosophy at Edinburgh, developed a political economy in which can be discerned the influences of both the Scottish Reformation and the Scottish Enlightenment. Chalmers adopted much of the apparatus of Adam Smith, but presumed the necessity of religious institutions as mediators of social interactions at a local, as well as a national level. He believed that the guarantee of a modest stipend enabled the minister of a parish to be financially independent of his listeners, while the conditions under which the stipend was made available were sufficiently strict to ensure diligent performance of duties. For Smith, as for Chalmers, a Church minister was an important member of every community: the role of the minister was primarily relational, addressing the needs of both individuals and the community of the parish to whose charge he had been admitted.

8.4 The ideas of this period continue to shape thinking about economics. In particular, Adam Smith's conception of the social order has largely been carried forward to the present day: the self-interested actions of individuals create a spontaneous order through operation of markets in which free exchange occurs. The discipline of the market tends to cause free exchange also to be fair, and to ensure that society as a whole enjoys benefits. But Smith recognised that self-interest was constrained by social convention and by moral sentiments, and that there were tendencies in market behaviour that could prevent the outcome of social order, specifically the natural efforts by producers to limit competition (what would now be called economic power).

¹² Mark 12: 31; Mark 1: 41; Mark 2: 1- 12

8.5 The Scottish Enlightenment tradition placed much emphasis on processes (how work is organised, how social relations are organised, etc) as being as important as, if not more important than, some end state defined in monetary terms. It would be wrong to increase wealth by processes which undermine the moral fabric of society, even if the wealth might be used to enhance the moral fabric of society. Smith's vision of the role of the state encompassed the provision of education to reduce alienation in the work force.

8.6 Chalmers developed these concepts extensively. Indeed, for Chalmers, there was no useful distinction between economic means and ethical ends. His solution to poverty lay in moral education, designed to prompt both greater charitable giving, and self-help among the poor. Rather than taking human goals as given, Chalmers argued that moral education could transform goals in support of social welfare. For Chalmers, the small community of the religious parish was the primary organisational unit of society. At the centre of the parish, the minister worked to encourage attention to the religious life, actively visiting parishioners, and managing a kind of social work within the parish. He argued in favour of private mechanisms, prompted by charitable impulses, but overseen by the Kirk Session, as a more effective mechanism for poor relief.

8.7 In addition, there are numerous examples of the social involvement of associates of Chalmers; for example:

- **Thomas Guthrie**, with his 'ragged schools,' which brought elementary education to many slum areas of Edinburgh
- **James Begg**, who founded the Edinburgh Cooperative Housing Company, to provide affordable housing for the working classes in many areas of the city
- **Henry Duncan** of Ruthwell, who established the first savings bank
- **Norman MacLeod** of the Barony, who undertook extensive social work schemes in central Glasgow

8.8 These and many others demonstrated the capacity of the Church to initiate social action. By the end of the nineteenth century, Archibald Charteris, through his efforts as Convenor of the Committee on Life and Work, had revived the diaconate, partly to enable women to realize their sense of vocation, but creating a primitive form of social work department. In the twentieth century, we see another attempt to revitalise the work of the Church through its parochial system in George McLeod's ministry in Govan, which developed into the community based theology of the Iona Community.

9. Today's church

9.1 While there were substantial theological developments across the 19th century, a common feature of this work has been a concentration on the Church as a local agent of change, with ministers interpreting their charge to a parish as the basis for engagement with the whole community, recognising that pastoral care cannot simply be restricted to the spiritual, but must also engage with the secular.

9.2 As the national Church, the Church of Scotland remains committed to a local ministry across the whole country. We believe that such a ministry has many strengths, not only in the capacity

to represent the interests of all sections of society, but also in grounding ministry in locality so as to maximise its role. The community of practice which we hope will emerge from discussions around this paper should be able to relate to practical problems of everyday life, grounded in the Church's tradition of prudence – in the sense of wise management of resources – to address the needs of individuals, communities and organisations, providing a distinctive, anti-utilitarian voice in public discourse, reinforced by practical action embedded in parish life.

9.3 Amongst a wide range of practical responses to need, local Church of Scotland congregations – frequently in partnership with others – have developed a huge range of highly focused work throughout its history. In the most recent times this has included:

- 9.3.1 **Orbiston Neighbourhood Centre** (Bellshill) where the local church building has served as a community centre since 1995, catering for more than 1,000 people every week through a wide range of community-led programmes.
- 9.3.2 **Richmond's Hope** (Craigmillar) where a nationally recognised facility for children who have suffered traumatic losses in their families has grown out of the local congregation's response to the death of a young baby in the local community.
- 9.3.3 **The Village Storytelling Centre** (Pollok) which uses the ancient skill of storytelling to enable people of all generations to recognize shared values and to celebrate creativity and diversity.
- 9.3.4 **Bridging the Gap** (Gorbals) which was asked by the local community to coordinate its response to the increased numbers of asylum seekers and refugees who came to live in the Gorbals and is now responsible for a range of highly effective mentoring and integration programmes.

9.4 The Church of Scotland's Presbyterian roots have created a church built on collective interdependence. In living out our commitment to being a national Church with every inch of the nation in a parish, we have what might be described as a "branch office" in every community - achieved by those with more subsidising those with less so that all might have the same opportunities¹³. Many congregations are at the heart of areas of particular concern and fragility, such as Priority Areas (PAs), transition towns or rural areas; the kirk has a skilled workforce, a motivated volunteer base, and a clear call to be salt and light in a needy world. It has buildings in strategic places, a voice which still carries considerable authority, and a compassion for those in need. Add in the congregations of all the other denominations in Scotland and it becomes understandable why Faith in Community Scotland should estimate that faith communities are already contributing £60m a year into their local economies.

9.5 At the time of the greatest financial and economic uncertainty in decades, the perspective and contribution of the Church at local level has taken on a new relevance. Churches can and do, must and will, give a lead in helping people to respond to the economic crisis. There will be opportunities for a congregation to embark on a new journey, with real potential for the Christian

¹³ 2 Cor. 8: 13

community to play a significant role in both supporting the victims of the global economic crisis and to be a witness to another way of using the resources God has given us all.

10. Holding out the word of life

10.1 While holding in focus the spiritual aspects of their mission, the first practical step for many churches will be to offer shelter from the economic fall-out. The lives of individuals and of whole communities will need to be rebuilt and healed.

10.2 For those Churches who want to take this route as a way of serving their community there are a huge number of examples of good practice from parishes across Britain. Preparation for action needs to begin with theological reflections and a practical audit.

10.3 Congregations need to look at the resources they have, the issues facing their communities, and the reasons why they must act. Faith in Community Scotland offers an auditing tool that can be shared by a number of neighbouring congregations, which can be a particularly effective way of richer congregations helping their less well-off neighbours, thus forming the basis of a real partnership between congregations in different socio-economic settings. Church Action on Poverty's (CAP) 'Just Church' series of materials is also a helpful tool in this regard. They include 'Just Money', offering an interactive journey through financial decision-making. Other churches around Scotland are affiliating to Christians Against Poverty, a campaign group and debt counseling charity which runs a three-week 'Money Management' course.

- 10.3.1 It was thinking such as this which led a number of congregations, including Irvine Fullerton and Holy Trinity Wester Hailes to develop more active work with Christians Against Poverty.
- 10.3.2 Further afield, the Church of England (C of E) has promoted 'credit crunch evenings', and in early 2008 it launched a 'Matter of Life and Debt' initiative, encouraging churches in poor areas to sponsor professional debt advice sessions on their premises.
- 10.3.3 Welsh churches have already adopted a programme called 'The Money Revolution', based on a book written by the C of E's John Preston. This encompasses advice on ethical spending, credit, debt, insurance, wills, and giving, and recognises clergy concerns that "social pressures in affluent neighbourhoods have encouraged people to borrow more than they can afford".
- 10.3.4 A United Free Church in Devon has housed and funded a free debt advice service, staffed by volunteers, which within months had helped 42 individuals or couples who owed between them some £500,000. Its staff teach budgeting skills and techniques, and act as intermediaries, negotiating with creditors.
- 10.3.5 In direct help of another kind in a Middlesbrough church, a 'Convoy of Hope' project gave away 500 bags of shopping to families struggling to cope with the 'credit crunch'.

11. Local Financial action

11.1 The General Assembly of 1997, noting the problem of personal debt in Scotland, encouraged congregations to become involved in credit unions, expressed alarm at the exploitation of the vulnerable in the credit market, and called for an effective means of providing cheap, accessible credit to those who need it.

11.2 Harder economic times, and the crisis in the banking system, have underlined the potential of community-based banking, an idea which is not new. Rev Henry Duncan, the so-called 'father of savings banks', set up the institution which would eventually become the Trustee Savings Bank (TSB),

a measure which claimed at his hands nearly 10 years of devoted work and pecuniary sacrifice¹⁴

11.3 He wanted financial independence for everyday people, feeling that government handouts were degrading and crushed the spirit. Within five years, banks based on his concept were found all over the UK.

11.4 Whilst the creation of a new bank might not be within the grasp of a congregation, Credit Unions have long been valued as alternative banks which encourage responsible saving and fair-rate borrowing. Many local congregations have taken the lead in the creation of credit unions in several places across Scotland¹⁵.

11.5 The structure of Credit Unions mean that the deposits to fund borrowings allow the better off in the community effectively to capitalise a bank which can help the less well-off. The Scottish government has recently announced additional support for Credit Unions and new rules mean that those requiring instant help with loans can now get it, as opposed to having to use companies such as Provident Financial with their outrageous rates of interest of around 180%.

11.6 Churches have not only often been in the forefront of setting up new credit unions, but active in leading the development of community enterprises and trading schemes.

11.7 Scotland is now home to more than 40 different barter schemes, ranging from Timebanks, where members donate an hour of their time and skill in exchange for an hour of someone else's, to Local Exchange Trading Systems. LETS allow people to exchange goods and services without using money. Each order or service provided earns points or currency which can be used to buy different offers from other members.

¹⁴ Inscription on memorial plaque on Ruthwell Savings Bank Museum

¹⁵ In Dundee, the Church took the lead in setting up the now thriving Dundee West credit union. In Leith, the Council of Churches did the same in creating Persevere Credit union, now part of Capital Credit Union. In addition, for many years local churches have played pivotal roles in the establishment and support of Credit Unions in many parts of Glasgow, including Garthamlock, Cranhill and Ruchazie.

11.8 LETS currencies are usually valued in terms of sterling, which allows part-cash, part-currency pricing. The use of the currency in discount schemes can encourage participation by local businesses such as corner shops, cafes, and stalls at farmers' markets.

- 11.8.1 Glasgow's Healthland gym has launched its own community currency, essentially a timebank, inviting members to offer their skills in exchange for full or part membership of the club. There is good evidence that the motivation for joining is often social as much as economic, as the main attraction is the feeling of belonging to a community.
- 11.8.2 Castlemilk Timebank in Glasgow, established in 2002, won the Queens Award for Voluntary Service in June 2008. It works on the basis that "one hour of your time is worth the same as one hour of someone else's time, no matter what your skill involved".

11.9 These are all models congregations could use with their own resources.

11.10 Internet-based 'free' networks also play a part in alternative trading. Schemes such as Freecycle, Freeshare and Gumtree provide forums for the recycling and obtaining of unwanted things, on a local basis, at minimal cost. With the right kind of creativity, congregations can harness the power of the internet to make best use of their own resources.

11.11 The banking crisis, with small firms being starved of finance, has intensified efforts to develop alternative financial structures. Scotcash, a social enterprise backed by Glasgow City Council together with the city's housing association and the Royal Bank of Scotland, offers the financially excluded access to bank accounts, financial advice and affordable loans. Winner of the Guardian public services awards 2008, Scotcash said it saved clients £300,000 in interest payments, rescheduled £2m of debts and prevented around 80 evictions. Unlike money advice centre experience, where debts can be huge, the average debt of Scotcash customers is only £500.

11.12 Created without such banking and local authority support is Glasgow bank DSL, originally set up with cash from the Body Shop and now financed by credit unions, the Unity Trust Bank, a little DTI funding and the ongoing returns from its borrowers. DSL has loaned out more than £7m to over 600 businesses turned down by the High Street banks, and many of the projects financed by DSL have become cornerstones of their communities. Whilst individual parishes would be unlikely to have that kind of capital, a project which combined the local knowledge of parishes and the financial resources of the national Church could make a similar difference.

11.13 As has been seen, for many years parishes have used the social enterprise model to create economic opportunities in local communities. If there was ever a time that the Church needed to gather together that experience so others might draw on it, it is now.

12. Generating local Economic activity

12.1 Unemployment is rising fast, just as it did 30 years ago. Before the last election, Church Action on Poverty (CAP) published a report calling on the future government to confront the problem of joblessness. CAP also initiated an 'Unemployment Sunday' for congregations, to help congregations take time to reflect on what they might do and why they might do it in these

tough times. As a starting point for congregations who might otherwise not be sure where to begin looking at the issue, it is to be recommended.

12.2 In each parish there will be unique opportunities. For example, Luss, which has no youth group of its own, brings youngsters from deprived central Glasgow to the shores of Loch Lomond for weekends of social learning, but only with community help. They discovered local businesses who want to help the church do exciting things, if they are done properly for a good reason. Luss Parish has also taken up an invitation from Scottish Enterprise to say yes, rather than no, to even more weddings at the much sought-after church, after the economic agency explained that each ceremony was injecting £20,000 to £40,000 (overseas weddings) directly into the local economy. The installation of in-church cameras which enable the ceremonies to be viewed over the internet have now led to Luss's regular church services being viewed by more than 10,000 people, after the idea was first put forward by local service personnel who said it would be much valued by soldiers in Iraq and Afghanistan. A journey into economic activity has led into another type of mission involving people from all over the world.

12.3 In rural communities churches are often the only the communal buildings. Around 300 post offices in Scotland (one in every six) are due to close, with even more under threat as sub-postmasters die or retire without being replaced. Parishes can offer to house post offices in halls and other church buildings, to be rented out to local sub-postmasters or even run by congregation members. Post offices are such a vital part of community life, so why shouldn't the Church be helping to ensure that people have as much access to services as people in other parts of Scotland? There are opportunities for ministers and Church members to serve the community in new, exciting and relevant ways. A post office is already being run from the local kirk in Twatt, Orkney. Congregations participating in the scheme would need to find further information.

12.4 In each case the chosen action begins with a strategic look at the community the congregation serves and a reflection on the resources available to the congregation and from the Presbytery and the national Church. Lives can be turned around and the kingdom of God can be made real even, or perhaps especially at a time of economic crisis when people are asking what really matters.

12.5 At times like this it is helpful to look to other places for inspiration and creative responses to financially challenging circumstances. One such place in Bangladesh and in particular the work of the Nobel Prize winner Dr Muhammad Yunus¹⁶ who has used micro credit lending to revolutionise the financial circumstances and economic stability of thousands of individuals and local communities. This model uses small loans to fund start up costs of locally based businesses to provide employment and a significant sense of local communities being able to take much more control of their own economic destiny. There are already a number of organisations in Scotland looking at this work as a method of changing the way economic stability is provided.

12.6 It is therefore proposed that the Church consider setting aside a substantial amount of money in order to help establish a fund which could be used in micro-lending projects. It would

¹⁶ <http://muhammadyunus.org/>

be envisaged that these funds would be utilized by congregations or groups of churches, within wider local partnerships to set up local schemes to benefit their local communities.

Some useful websites:

www.faithincommunityscotland.org

www.church-poverty.org.uk

www.cas.org.uk

www.abcul.org

www.capuk.org.uk

www.traidcraft.co.uk

www.themoneyrevolution.net

www.timebanking.org

www.letslinkuk.org

www.carplus.org.uk

www.lussonline.net

Faith in Community Scotland

Church Action on Poverty

Citizens Advice Scotland

Assoc of British Credit Unions

Christians against Poverty

Traidcraft

13. Living the Gospel view of Economics

13.1 A great deal of economic exchange is not simply about obtaining goods for basic human needs but involves the consumer in expressing their understanding of the nature of human relationships, including relationships with those they will never meet. Any entrepreneur will tell you that, despite the economist's ideal of humans acting in their own economic interest, ie based on price, those with some economic resources rebel and often make economic decisions based on how they feel as well. That is the basis of "brand loyalty" and a great deal of advertising, not to mention many luxury goods. One only needs to read of companies being sold for amounts significantly beyond their actual assets or even past income levels to see the power that some people see in a brand to persuade consumers that their consumption is not simply to meet a need but to change a life.

13.2 In a capitalist economic system there is a great irony that the desires of the consumer are seen as the driver of commercial decision-making, yet the individual may feel that their personal decisions can have no influence on bringing about change to that system. The evidence would suggest otherwise: the concept in economic thinking of the "green" or the "pink" pounds suggest that interest groups can significantly shape business decisions. The recent trend of larger corporations to make claims about their green credentials, or include carbon reductions in their annual report, back up this suggestion (although there may be questions about the veracity of some of these corporate claims).

13.3 The huge growth in demand for fairly traded goods and ethical investments are different examples of the same principle. Consumers act not in their own economic interest alone, but in the interests of others largely unknown. These actions are not driven solely by short term economic self interest, but by how the consumer feels about the purchase or investment. One might argue that it is a clear example of Smith's "invisible hand" at work. Business is aware of this significant motivating force and their marketing plays to that emotional response. Fair trade goods and ethical investments are just two examples of how consumer demand, created by a series of individual decisions can shift production decisions in such a way that ethics become integral to the process.

13.4 A number of authors have sought to ground this ethical decision-making in a way which is accessible and applicable to people of faith¹⁷. Questions are often asked such as:

- Which ethical decisions should I be prioritising?
- Who should I try to help with the influence I have as a consumer?
- If I use ethical criteria in one area of life but not another, does that undermine the integrity of the ethical decisions?
- What does it mean to invest ethically?
- Should I ‘buy local’ for green purposes or buy ‘fair-trade’ to help alleviate poverty?

13.5 Organic agriculture is seen as costly, but less spent on pesticides can also mean more employment on farms. Workers in the pesticide industry may see this as a threat, in the same way that opposition to military spending is often countered with arguments about the effect on jobs in that sector. In embarking on a journey towards a personal ethical consumerism, the Church needs to balance the prophetic words it is called to speak with the pastoral care of those whose employment such words might appear to threaten. There also need to be ways in which those struggling to make ethical consumerist choices can feel that those choices will make a difference.

13.6 This is thrown into stark relief in the context of the global financial crisis which can seem so overwhelming that the actions of an individual can appear meaningless in making a difference. In addition, with falling buying power, the ability and/or willingness to add ethics to domestic economic decision-making and thus not simply choose the cheapest product is significantly reduced. It also emphasises the point often made by the poorest communities that ethical consumerism, based as it is on an assumption that the consumer will pay a little more to make that “ethical decision”, excludes those who do not have the resources to participate in the market other than for those goods which meet their basic needs. Fair-Trade would be one example: it is sometimes considered to be little more than “middle class angst”, yet solidarity between workers in different parts of the world has a well documented history. Christians have been at the forefront of the Fair Trade movement - a good example of putting our money where our mouths are. It is also an excellent example of how, if people, families, households do make small everyday but sustainable lifestyle changes in favour of all the people and the whole of the planet, change does happen - even for those who, at present, do not have the choice of fair trade consumerism.

13.7 One of the many effects of the “credit crunch” has been to highlight the foolishness of “easy” credit and the effect of both individual and corporate greed. It has however created an opportunity to relearn that individuals need to control our use of money rather than letting money control us. Discovering how to achieve appropriate lending and borrowing is a key part of

¹⁷ See, for example: Smith, K.R. (2006): *God's Economic Mandate: A Perspective on Stewardship Economics*. Thankful Books; Dayton, H.L. (1999): *Your money counts*. Crown Financial Ministries; Sider, R.J. (2005): *Rich Christians in an Age of Hunger: Moving from Affluence to Generosity*. Thomas Nelson; Swinson, A. (2004): *Root of all Evil? How to Make Spiritual Values Count*. Saint Andrew Press.

business and personal money management. There are excellent examples of how this can work; micro credit schemes are a good example. Triodos Bank also offers a responsible model, as do the Co-op Bank, Oikocredit and Shared Interest. Choosing to use Mutual Building Societies and Credit Unions should be encouraged. Local Exchange Trading Systems (LETS) offer an alternative to the use of money which, given the long track record of the sharing of volunteer expertise in the Christian community should be very adaptable to use in churches and the communities they serve.

14. Auditing ourselves

14.1 There are a wide variety of Biblical texts which can be used to begin a journey towards building an ethical framework for Christian economics. This report would not claim to be anything like exhaustive in offering guidelines for that process. Rather, what it hopes to lay out would be a methodology for beginning a personal theological audit of consumer engagement, and to offer a number of places where further advice and study could be achieved. The development of additional Biblical and reflective resources on the Church website will help this process.

14.2 This process recognises that each person's starting point on this journey is unique. Just as the interpretations of what it means to love an enemy will depend on who is seen as an enemy, so a judgement of whether making a choice about buying fair-trade is ethically more significant than buying locally will be shaped by individual experiences and understandings of the effect of each action. As this journey begins for each individual and for the groups who choose to work together and support each other in the journey, what will be significant is that ethical criteria are being applied to consumer decisions. That is always the significant first change. Reflection on that experience will then shape future decisions but the idea of holding an ethical light to consumer decisions should become embedded in the lifestyles of those involved.

14.3 It is hoped that individuals and groups within and among congregations will choose to sign up to the Church and Society Facebook Group¹⁸, which has been set up to support this process and through that sharing both offer support to others on a similar journey and also provide real experiences of taking this journey. A report to the 2010 General Assembly will be compiled using some of these inputs.

14.4 Many Christians already act in this way but it is hoped that these steps will still be of use to them whatever stage they are at in their journey to an ethical consumerism. These steps are deliberately couched in positive language rather than being a list of "thou shalt not's". This is too complex an issue to couch in proscriptive terms and such language will perhaps not help in endearing this perspective to those outside the Christian community.

¹⁸ Search for Church & Society Group on Facebook. <http://www.facebook.com/>

15. Steps to a new Personal Christian economics.

15.1 The Biblical references given are merely examples of the possible basis for reflection and should not be seen as in any way prescriptive. On the contrary, they should inspire challenge and reflection, debate and even disagreement as the journey to Christian ethical consumerism is taken.

15.2 It is hoped that a fuller description of each of these steps including some biblical references and real life stories of change and challenge will be gathered and placed on the Church and Society website.

Topic	Suggested Bible references	Notes
1. Begin with and return to reflection and prayer	Begin with the Bible	Using the stories of those whose economic power is limited or who face injustice or oppression, interrogate the texts that reflect the role of consumption and economic exchange. For example: Jubilee; Jeremiah; Consider the lilies; Rich young man; Parable of the talents; Give unto Caesar; Widow's mite. And pray. The kinds of changes in lifestyle involved here will take real and deep energy and that will need replenishment.
2. Start small	Thanksgiving: Deut 26:1-15 Small steps Matthew 10: 42	Be realistic and gentle with yourself. Start from the premise that every decision matters and can make a difference but that we will not make every decision as we might want to every time.
3. Trust God	Who am I?: Psalm 139 Consider the Lilies: Luke 12: 22-28	Trust God to provide for your basic needs. Understand that our consumerism is an emotional experience and so change will take time. (See "The Story of Stuff" - http://www.storyofstuff.com/) Start simply. Make one change in your consumerism at a time, reflecting on its effect and what it felt like before moving to the next one. A journey of a lifetime begins with a first step.
4. See the woods of change, not the trees that hinder	Choose this day: Joshua 24:14-18 Rich young man: Luke 18: 18-30 Workers in the Vineyard: Matt 20: 1-16	Choose what you want to achieve with every decision by choosing a few priorities, eg fair trade, or support for environment or commitment to animals or boycotting a particular regime or product eg arms trade use. Use these as the basis of economic decision-making. Remember that different things can be achieved with different actions.

<p>5. Don't walk alone</p>	<p>Ruth and Naomi: Ruth 1:11-18 Sharing: Acts 4: 32-36</p>	<p>Find a method of reviewing these decisions; for example, setting up a small group in your congregation to reflect on what we each can achieve individually and as a group. The strength of accounting to each other will help each individual as they make their choices.</p>
<p>6. Rediscover make do and mend</p>	<p>Negotiating wells: Genesis 26:18-31 Feeding of the 5000: John 6: 1-14</p>	<p>Ethical consumerism can be a choice not to consume but instead to share and or to reduce waste. An ethical lifestyle does not have to mean hair shirts. It may mean making the same shirt last longer. It might mean using the bus more and the car less rather than assuming that it's all or nothing.</p>
<p>7. Luxury is allowed but in moderation</p>	<p>Restore my soul: Psalm 23 Anointing of Jesus: Matt 26: 6-13</p>	<p>It is important to recognise the different pressures on people and the need at times to relax. Stopping taking luxuries for granted does not mean we completely forsake such luxuries.</p>
<p>8. Walk the walk</p>	<p>David and Goliath: I Sam 17 Good Samaritan: Luke 10: 25-37</p>	<p>Reflect on how actions can be a witness to others. The choices we make will affect others; the power of peers is the basis of capitalism but it can also be the basis of change.</p>
<p>9. Choose to give away</p>	<p>Be generous: Leviticus 19:9 Zaccheus: Luke 19: 1-9</p>	<p>Make a decision about how to use what money you can give away in support of others. If money is short then use your time instead.</p>
<p>10. Learn from other people's stories</p>	<p>Faithfully obey: Deut 6 Life amongst the believers: Acts 2: 43-47</p>	<p>Use websites such as: www.generous.org.uk, www.letslinkuk.org, www.ethicalconsumer.org, www.fairtrade.org.uk to help your thinking and for other sources of support.</p>

16. Conclusions

16.1 While it must be acknowledged that this report is not comprehensive, it is also recognised that every journey begins with a single step. The challenges being faced at all levels of society are undoubtedly daunting, and many of the issues complex and technical. However, the outworking of these issues will be seen in the personal lives of real people, families and communities- in Scotland and throughout the world.

16.2 The Church of Scotland has the privilege of serving in communities throughout the land. Its members, as followers of Christ, have the responsibility to be faithful to their calling to be salt and light in the world. Unpacking and living out the implications of that call confronts us with many questions and challenges; this report has sought to engage these challenges, and to see how we (the church as a whole, as congregations, and as individual Christians) must act.

16.3 Criticisms will be encountered, and honest mistakes will be made. But our Lord requires that we:

act justly... love mercy, and walk humbly with our God 19

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Proposed practical outcomes:

See deliverances.

¹⁹ Micah 6: 8