

A Life of Their Own: Market Forces and the Language of the New Testament¹

Someone once said that when the clergy begin to lose an argument, they resort to prayer. Others when confronted with a seemingly insoluble problem resort to morality. It's all too easy to resort to cliché in the face of the current economic crisis. To describe events as a "wake up call" or to declare that we have "lost our moral compass," as Ed Miliband and Lord Dannatt, respectively recently have, doesn't help us get very far. A far tougher critic than me of the church's pronouncements on the subject could with some justification say that they are little more than soft-minded liberalism and a cry to 'do the right thing.'

In all of this we are treating our current crisis as if it were a *moral* problem. But suppose that it is neither a moral problem nor in the first instance a problem of economics. Suppose that the problem has something to do with the structures of human institutions and social and economic processes like the markets, businesses or banks, or even such benign institutions like the church.

One of the things that has often struck me about contemporary economics is the way that it is very quick to fall into the language of independent powers which are beyond human control. I'm thinking of phrases such as 'market forces'. Market forces we are told control the price and the value of commodities and services. These strange independent forces are the aggregate influences of self-interested buyers and sellers which determine the price of the exchange. The twentieth century is replete with examples of things that became valued at a much higher price than they were actually worth. The property boom of the 1980s and 90s springs to mind as well as the dot com bubble.

¹ A talk given in Lincoln Cathedral Chapter House February 3rd 2012

Perhaps the classic 'school boy' example is the seventeenth century Dutch tulip bubble.

The Tulip was introduced into Holland in 1593 by a botanist named Carolus Clusius, who brought it from Constantinople. He planted a small garden, intending to research the plant for medicinal purposes. Had Clusius's neighbours been morally upright, the tulip might still be a rare exotic in the gardening world. Instead they broke into his garden and stole some of his bulbs in order to make some quick money, and in the process started the Dutch bulb trade. At the height of the craze, individual bulbs would exchange hands for anything between £800 and £1200 at today's prices, and a good trader could make up to £30 000 per month. Buyers deemed the bulbs too valuable to risk planting and so it became fashionable to put the bulbs on display rather than risk planting them. The craze came to a dramatic and sudden end when a buyer failed to turn up to pay for his purchases and panic ensued.

It's easy to laugh at this, but the phenomenon is constantly being repeated, and only when the inevitable happens do people stand back and ask themselves "what on earth were we thinking of"

I'd like to suggest that something similar is happening with respect to salaries and bonuses paid to financial professionals and bankers, which have been so prominent in the news in recent times.

The St Paul's Institute² recently published a survey of the beliefs, ethical values and motivations of professionals working in the financial sector. The results make for interesting reading. Responses to two different questions illustrate my point.

According to the report roughly two thirds of those surveyed said that their main motivation in their work was the salary and bonus structure. There is perhaps nothing particularly remarkable in this finding. But put this alongside another finding of the report, that two thirds of those surveyed also think that people working in the

² Value and Values: Perceptions of Ethics in the City Today
published by the St Paul's institute

financial sector are over paid and we have a rather interesting observation.

Statistically there has to be some overlap in these two groups, the one saying money is their motivation and the other saying that financial sector professionals are paid too much. **In other words there must be people who hold both that they are motivated by their financial reward package and that that package is out of proportion to the value of their work.** They believe that they are paid too much for what they do. An interesting follow up discussion could be had by asking if respondents have noticed this contradiction and if they have, how they live with it or reconcile themselves to it. I have no direct experience of working in the financial sector, but from others who have I gather it is a high pressure and insecure world where job security is fragile and utterly dependent upon results, so earning as much as possible becomes a route to protecting oneself against that insecurity.

A parallel is also to be found in the argument for paying large salaries and bonuses, which is that while nobody really wants to do this, institutions are forced to pay them because otherwise they would be unable to attract the best people. What is interesting I think is that no one seems to think that the scale of pay and bonuses is justifiable, but no one feels that they are in control of the system or able to change it. The system has a life and a power of its own. If that is really the case, then dealing with the question is not a matter of ethics at all because morality and ethics only come into play where we are free to choose and to act in different ways.

The language of the New Testament is full of references to "Principalities and Powers". I have little doubt that for the people of the time, this language was intended and understood literally. They believed literally in angels and demons manipulating social institutions and the physical world. For us today, except in the most conservative and fundamentalist circles, such language is a little embarrassing. It doesn't fit at all with our fundamentally materialist world view which regards as real only the tangible world, so we tend

to ignore it altogether, regarding it as a vestige of an older, less sophisticated understanding of the world.

But I think that there is a way of reinterpreting this language and of making use of it, without the need to resort to the idea of literally existing spiritual entities.

Power is something that is intrinsic to being human: we all exercise power and experience being subject to power exercised from somewhere else. Power is a basic component of all human institutions and the way that power functions in an institution shapes the culture and the values of the institution and therefore it determines the behaviour of those who work in them.

The New Testament theologian Walter Wink published a trilogy of books analysing the concepts of principalities and powers.³ He suggested that they are a generic category describing the physical, psychological and social forces that shape our existence.⁴ There is he suggests an external, visible, pole to these forces for example written rules and regulations, constitutions and the apparatus to enforce these, and also an internal invisible pole. This invisible pole works at the social and psychological level and provides legitimacy, compliance, and credibility.

Applying this to the markets, I would like to suggest that it is the invisible, the social and psychological pole of institutional power that has gone awry. The markets, the exchange of commodities and services have become and end in themselves. Profiting from the exchange has become the single most important motive, rather than the mutual benefit of the parties involved in the exchange. To put it bluntly, profit has become the product of the transaction rather than its byproduct. We need to recapture the service aspect of the financial services industry and the financial sector in general.

³ Naming the Powers The language of Power in the New Testament (1984); Unmasking the Powers the invisible forces that determine human existence (1986); Engaging the powers discernment and resistance in a world of domination (1992)

⁴ Unmasking p4

One view of the free market revolution inaugurated by the Thatcher government of the 1980s is that it was only half of the project. There is no real moral problem with people having and accruing wealth. The real moral focus ought to be on what we do with our wealth. The other side of the Thatcher project, if I may call it that, is to match wealth creation and gain with generosity and philanthropy. No government has talked about such things. Perhaps it is an idea whose time is only now coming. Until we start to shift the culture of our financial institutions away from the profit motive per se to seeing profit as secondary to the services they can provide I fear that that day is still a way off.