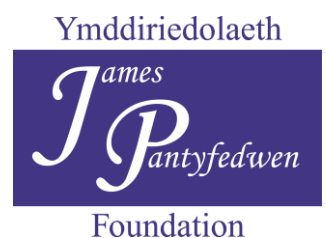




MORLAN-PANTYFEDWEN ANNUAL LECTURE
2018

Is there a Christian Alternative to Capitalism and Socialism?

Lord Griffiths of Fforestfach



INTRODUCTION

Morlan is a centre that aims to promote community life – culturally and spiritually, locally and further afield. It was established in April 2005 to create a bridge between the church and the local community and has developed into an important centre in the area. But Morlan is so much more than just a building ... it's a meeting-place – to create and discuss, to listen and learn, to promote and encourage, to understand one another, to share and contribute ... a common ground between the church and all who live in our multicultural society.

Morlan is a welcoming and friendly place that reflects those principles that bind mankind, and all races and creeds together. The trustees of Capel y Morfa, the Welsh Presbyterian Church that owns the centre, consider the establishment and support of Morlan as central to their mission.

It is a community centre with various rooms that can be hired for all sorts of events and activities but it is also a faith and culture centre with the aim of providing space within the community where Christian values – such as peace and justice – may be shared through culture in its broadest sense. This is mainly done through its programme of events – discussions, talks, art exhibitions, plays and presentations and, since April 2010, an Annual Lecture.

The **James Pantyfedwen Foundation** has a much longer history of organising lectures, dating back to 1961. In that year, Bleddyn Roberts delivered the first in a series of lectures established by Sir D.J. James (founder of the Foundation) on religious topics. The lectures were delivered annually until 1973 and then every two years, alternating between an English and a Welsh lecture and visiting different university sites across Wales. The list of people who have delivered this lecture includes W.T.Pennar Davies, Gwilym R. Tilsley and Richard Harries.

Sir D.J. James had already established two charitable trusts with the aim of creating a permanent endowment to benefit the people of Wales – the Catherine and Lady Grace James Foundation (established in 1957) and the John and Rhys Thomas James Foundation (established in 1967). The James Pantyfedwen Foundation came into being as a successor to these two trusts in April 1998 when a new scheme was agreed with the Charities Commission. The objects of the Foundation are: *“... the advancement, encouragement and promotion of religion, education, the Arts and agriculture and other charitable purposes for the benefit of Welsh persons primarily in Wales”*.

During 2014, Morlan and the James Pantyfedwen Foundation started discussing the possibility of merging their annual lectures; this was a natural development as both organisations share similar values. Those discussions have now come to fruition, and this lecture is the first of the **Morlan-Pantyfedwen Annual Lectures**.

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The Morlan Pantyfedwen Annual Lecture 2018 **Is there a Christian Alternative to Capitalism and Socialism?**

Lord Griffiths of Fforestfach

I count it a great privilege to be invited to give this lecture not least because of the number of distinguished clergy, theologians and historians who have given it over the past half century. The idea for the subject of the lecture was the seeming incompatibility of being a Christian and for five and a half years the Head of Margaret Thatcher's Policy Unit at 10 Downing Street, advising the Prime Minister on all domestic policy issues, including those associated with the advocacy of a market economy. The original suggested title was 'Mrs Thatcher, Zacchaeus and Me'. I tried it out on two undergraduates here at Aberystwyth University but neither of them knew who Zacchaeus was! Hence the current title.

Before tackling the subject however I feel I owe it to you to provide some personal background.

While at Dynevor Grammar School in 1959 I stood as the Labour candidate in the school's mock election. As the school motto was 'nihil sine labore', mine was "nothing without Labour!" I went to the London School of Economics primarily because of its political left-leaning reputation and after graduating joined the staff and specialised in monetary economics and competition and regulation in banking. In my twenties I voted twice for Harold Wilson, the Labour Prime Minister.

Throughout the nineteen sixties, I became disillusioned with the Labour government: first because of the failure of its economic policies, the devaluation of sterling, the national plan, neglect of monetary policy, failure of incomes policies, nationalised industries poor performance and high taxation, and second, because of the cavalier way in which the Home Secretary, Roy Jenkins, radically reformed social policies with seemingly scant regard to their unintended consequences.

The momentum driving change in the late 1960's seemed to me to be thoroughly secular. Economic issues were increasingly couched in Marxist categories of class conflict, exploitation and state control in which the performance of the economy was perceived as a zero sum game. If some benefited, it was on the expense of others. By the late

sixties, I had become an unofficial adviser to Harold Lever, a member of Wilson's Cabinet. One day I put the question to him: "If you were a young man entering politics today, which party would you join?", to which he replied with remarkable candour, "probably the Conservative". I then fought the two general elections in 1974 as a Conservative candidate and informally advised Margaret Thatcher, Geoffrey Howe and Keith Joseph in the years before joining the No.10 Policy Unit in 1985.

Over this time, and as a result of teaching and research in the field of economics, I became convinced of the value of a competitive market economy in which prices and wages were free to move, of private enterprise rather than state enterprise and of a strong but limited regulatory framework for business. I came to realise that a Keynesian prescription of deficit spending was relevant to an economy suffering a great depression or a severe deflationary shock, but that a medium term financial plan, involving control of the money supply along with rules for fiscal policy, was crucial to ensuring a low rate of inflation and full-employment in more normal circumstances. Given the serious inflation the UK faced in the mid-1970's (an annual rate of 27% in 1974), it was refreshing to find Margaret Thatcher, Keith Joseph and Geoffrey Howe prepared to break out of the post-war consensus of a mixed economy and propose a serious alternative agenda.

It took me longer however to realise that among some of those championing freedom of choice and free enterprise were libertarians who were just as secular and ideological as those on the Left of politics. This particularly struck me at a meeting of the Mount Pelerin Society in the early 1970's in a fierce debate between Milton Friedman, Friedrich von Hayek and Irving Kristol on the difference between a free society and a just society. Friedman and Hayek argued that we knew what a free society was but we did not know what a just society was, while Kristol claimed that a free society was not sustainable unless underpinned by some conception of social justice.

This form of economics was extended by Gary Becker from the University of Chicago. One day he was running late for a departmental meeting and desperate to find a parking space. He took a chance, weighed up the economic costs and benefits – the probability of being caught, fined and towed away – and decided to park illegally. Reflecting later on what he had done he realised he had made a perfectly rational cost-benefit calculation without any reference to a concept of morality. The decision

to be honest or not was based purely on economic considerations. Morality was irrelevant.

He then extended this approach to explore the impact of economic incentives in areas such as crime, divorce, fertility, family, migration and discrimination. The role of values and social custom in economic life were impounded under *ceteris paribus* (*other things being equal*). In other words, ignored. Once more, morality was irrelevant.

The point I wish to make is that my disillusion with libertarianism and a reductionist economic approach to analysing social problems was because of their incompatibility with the Christian faith. As a result, I found myself drawn increasingly to distinguished American academics and commentators such as Peter Berger, Irving Kristol, Michael Novak and Richard John Neuhaus, all of whom were convinced of the merits of a market economy but made the case within the framework of a traditional Judaeo-Christian approach.

The Current Crisis of Liberalism

Today the issues facing us are different from what they were in the 1970's.

There is an increasing sense that liberalism and with it economic liberalism is in crisis, if not meta-crisis. We are still living in the shadow of the 2008 financial crisis and the public have not forgiven banks for privatising the huge profits made in the boom years but socialising the losses when they failed and had to be bailed out by tax payers. Ever since the industrial revolution, there have been business cycles, trade cycles, stop-go cycles and financial crises. They were painful but nothing like the financial crisis of 2008 which nearly led to global banks closing their doors as happened in the US in the early 1930's.

After ten years of austerity, speculation is now rife as to when the next crisis might occur, with no shortages of possible catalysts, such as the faulty structure of the Euro - the result of creating a monetary union without a fiscal union - the Italian budget deficit, the scale of global debt, the huge deterioration in the standards of corporate lending and the escalating trade war between China and the US.

Subsequent to the crisis, global banks have been fined more than \$250 billion for wrongdoing but few bankers have ended up in jail. Even after the crisis, there have been new scandals involving interest rate fixing in

Libor markets, price fixing in foreign exchange markets, the widespread abuse of selling payment protection insurance (PPI), (which has cost the four leading UK banks fines of £37.5 billion), and the scandal in the US of the opening of 3.5 million ‘fake accounts’ by staff at Wells Fargo bank.

Another issue facing liberalism is growing inequality in the distribution of income and wealth.

In the UK:-

- There is a six-fold difference between the incomes of the top 20% of households and bottom 20%;
- Richest 1% own 14% wealth while 15% have no wealth or negative wealth;
- Average earnings (real media employee) in 2018 are 2-3% below their 2007-8 level;
- Intergenerational inequality has risen sharply – millennial families (those born between 1980 and 2000) are only half as likely to own their own homes by the age of 30 as the baby boomer generation (born 1945-65) and four times more likely to be renting;
- Median incomes in North West, North East, West Midlands, South West England and Wales are more than 30% lower than in London and South East.

More generally: -

- In the 1950’s, CEO compensation was typically 20 times the salary of the average worker in the US: in 2017 CEO pay at an S&P firm was 365 times the average rank and file worker. For Fortune 500 companies the ratio was 20-1 (1950), 42-1 (1980), 120-1 (2000);
- The same trend incidentally was true of the prize money for the Wimbledon Mens Champion – in the first year that prize money was offered, 1968, it was £26,150, this year £1.8 million.

A further challenge in modern capitalism is the pace of technological change. Whether through automation, robotics or artificial intelligence, technology is driving innovation and change in all sectors of Western economies. This creates new products and has potential to raise productivity more generally. However, it also leads to what Joseph Schumpeter described as a process of “creative destruction” which has potentially huge implications for existing jobs. Technology will create new jobs but destroy others. On present evidence, it is difficult to predict its net ultimate impact but whatever its final impact it creates great uncertainty over future employment. Large technology companies such

as the faangs – Facebook, Apple, Amazon, Netflix and Google – have raised a number of public policy issues: potential monopoly power, failure to pay fair taxes, loss of privacy, risks of data mis-management and given the amount of time children spend using machines, the impact of technology on society,

A further concern underlying the crisis is the charge that as a result of Reagan and Thatcher's economic policies there has been a fundamental change in our culture. Michael Sandel, a Harvard academic, has expressed it as a move "from *having* a market economy to *being* a market society" (p.17). Over these years the concepts used in the market place such as revenue, cost, profit, return, productivity and bonus have been extended into areas such as health, education, the police, the provision of blood, family life, art and so on.

The change is that in the process of commercialising a service there has been a greater emphasis on audits, targets and league tables which has led to a change in the nature of the services themselves: a loss of informal conversation between parents and teachers, between doctors and patients, between police and the public, a decline in altruism, mutual obligation and trust and of great importance a devaluation of the prestige of public service. The greater emphasis placed on financial incentives the greater the danger that they crowd out moral concerns.

In political terms liberalism and the international rules based order which has existed since 1945 has been threatened by the rise in populism in Europe and the US, the Brexit vote, the growth of the extreme alt-right, the growing conflict between China and the US and the disregard for the trading rules of the World Trade Organisation: all of which only add to a sense of crisis.

The Christian Faith as a World View

Against the background, is there anything distinctive that the Christian faith can provide?

At a personal level I should declare an interest. While I was brought up in a religious family, it was not until I reached my teenage years that I made a decision to affirm the Christian faith for myself. This is something which has only grown stronger over the years and has been the major reason for my interest in the relationship between the Judaeo-Christian faith and economics, politics and society. The home in which I grew up was shaped by a pietistic evangelical tradition and because of its

geographical proximity to the source of the 1904 religious revival in Wales was strongly influenced by the revival itself. This meant that when I started my professional career I lived in two separate worlds – the world of academic economics, social science and the London School of Economics and the world of the church and para-church organisations.

The key point I wish to make is that I had not attempted to integrate my faith with my approach to my academic discipline of economics. They ran on parallel lines. Without appreciating it, I had been heavily influenced by eighteenth century deism (Adam Smith), nineteenth century utilitarianism (John Stuart Mill) and twentieth century philosophy of science (Karl Popper) but without ever really trying to work out how they related to my faith.

A crucial meeting for me was attending a dinner party hosted by the Chancellor of the University of Rochester, Allen Wallis, in the early nineteen seventies in which the key guests were Jacob Javits, Senator for New York and Milton Friedman, Nobel Prize winner from the University of Chicago. Towards the end of the evening Friedman challenged me with the question “with your interest in religion, you remind me so much of Frank Knight (who has been the founder of the Chicago School and Friedman’s mentor, but brought up in a deeply religious family). How is it that you as a Christian can support the market economy when Jesus said it was easier for a camel (the largest animal) to go through the eye of a needle (the smallest aperture) than for a rich man to enter the Kingdom of God”. I mumbled some reply but his question challenged me and sent me on a long search into the text of scripture and theology, in which I am actively still involved.

In this search the first thing I discovered was that the Christian faith is a world view.

It is not just about Jesus and me. Or doing good deeds. Or regularly receiving the sacrament of holy communion. Or just attending church or chapel in the way one’s parents and grandparents did. It is about seeking to answer the most basic but difficult questions of life: Who are we? Why are we here? What is the purpose of life? The Christian answer to these questions is provided for us in the context of a story which Leslie Newbiggin captured well by stating that: “the way we understand human life depends on what conception we have of the human story. What is the real story of which my life is a part?”. The biblical story is a meta-narrative. It deals with origins and destinies. It encompasses creation,

fall, redemption and restitution. It involves real people, in known geographies and at specific times in history. It is a story with a beginning and an end. The story helps us understand the way the world is, who we are and what is our place in it. It is a unique story and crucially different from other world views.

The next thing I discovered was that although the Christian faith is a world view it is not a blueprint for a modern economy or political system.

It does not provide a detailed plan for the policies that a Prime Minister, Chancellor of the Exchequer or a Secretary of State for Work and Pensions should pursue, and it is certainly not about building a utopia through political action. However, it does provide insights into many of the different perspectives of capitalism and socialism which deal with the nature of work, fairness and social justice, the purpose of economic life, the temptation of money, the responsibilities of ownership, the priority of helping the poor, to name but some. And it offers a direction of travel.

For example, to my surprise, I found that the Hebrew Scriptures contained a wealth of material on these subjects. I suppose it is natural that our primary focus as Christians is on the life and teaching of Jesus in the gospels. In doing so, however, we frequently fail to take into account the Jewishness of Jesus himself. He was born into an orthodox Jewish family, circumcised on the eighth day, presented in the Temple, taught the Hebrew scriptures in the synagogue and attended congregational worship. He had a complete grasp of the Old Testament and summed up Old Testament teaching in two precepts: first and greatest, love the Lord your God with all your heart, soul and mind and second, love your neighbour as yourself (Matt 22:37-39). In his greatest address, the Sermon on the Mount, he stated categorically “Do not think that I have come to abolish the Law and the Prophets (that is Old Testament teaching). I have come not to abolish them but to fulfil them”.

The Genesis narrative of creation offers us a profound understanding of the nature of our world and ourselves; the meaning of work, creation of wealth, stewardship of planet earth, as well as the source of our failure to live up to our ideals. The Mosaic law sets out God’s intention for how his chosen people were to live and organise their political and economic life. Although the establishment of the law is located in the specific history and geography of the period, the political economy of Israel contains statements of moral principles of much wider relevance: the

equitable allocation of land to each family as they entered the Promised Land, the prohibition of usury (Deut: 23:19,20), the gleaning laws which prohibited harvesting the edges of fields to allow those without access to property to benefit, (Deut: 24:19-21), the Sabbath as a day of rest, the obligation as a matter of justice to meet the needs of the widow, the orphan, the stranger, the fatherless and the poor and in the year of Jubilee, the freeing of slaves, the forgiveness of debt and the redistribution of land to its original owners. (Lev.25:9,10). It is interesting to reflect how much of this we have taken on board in our society through imposing price caps on payday loans, Sunday trading laws, the protection of property rights and the welfare model in the Pentateuch as an inspiration for the modern welfare state.

By contrast the *Wisdom* literature of the Old Testament and the *Apocrypha* offer us practical wisdom on how to manage the challenges of daily life: who to do business with and who not to do business with, the consequences of recklessness, pride and laziness, the virtues of honesty, diligence and hard work, the secret to successful relationships and the source of wisdom itself – “the fear of the Lord is the beginning of knowledge” (Prov 1:7). The most remarkable insight of the prophets is the way at different times in history and in different circumstances they nevertheless trace the root cause of economic and social crises to moral decline and the abandonment of religious faith.

In the gospels, Jesus announces that he has come to establish a Kingdom, the Kingdom of God. This is God’s new society, which was wholly different in character to the Kingdoms of his day, in which Kings lived in wealthy places. In his parables he sets out the danger of materialism. By naming money as Mammon he elevated it to the status of a deity whom people worshipped. In the Acts of the Apostles and the Letters written to individual churches, the early Christian church is portrayed as a charismatic community serving the poor but at the same time suffering from all of the frustrations which characterise our fallen world. In the *Revelation* to John, the final grand denouement of the human story is set out in graphic terms in which the new Kingdom Jesus established finally realises its fulfilment.

I also discovered a third thing. There was no point in trying to re-invent the wheel. The challenge was how to use it.

Over the last two millennia, Christians have wrestled with these issues: the early church fathers, Augustine, Thomas Aquinas, Luther, Calvin and

the reformers, John Wesley and Methodists. In the late nineteenth and first half of the twentieth century, Anglican Social Thought associated with Scott-Holland, R.H. Tawney (who incidentally taught at the London School of Economics) and Archbishop William Temple among others, had a major influence on economic issues. Temple's short book *Christianity and Social Order*, published in 1942, and interestingly with an acknowledgment in the preface to Mr J.M. Keynes, was a statement that the whole of economic and social policy should be founded on the Christian faith. The book was hugely influential and a major inspiration for the post-1945 welfare state. More recently Anglican social thought has languished even though Professors Millbank and Pabst in their book, *The Politics of Virtue*, have made a major contribution in setting out the contemporary case for ethical socialism.

However, today I believe there are two leading approaches to a Christian world view.

One is in the tradition of the Reformation, of Luther but especially Calvin, and more recently of Abraham Kuyper. He was a pastor in the Dutch Reformed Church, experienced a remarkable spiritual experience, left the ministry, entered politics and became Prime Minister of the Netherlands from 1901-1905. He established the Free University of Amsterdam and outlined his approach to political economy in the *Stone Lectures* given at Princeton Theological Seminary in 1898. His influence has continued in the twentieth century through the writings of Francis Schaeffer, Cornelius van Til, Alvin Plantinga, Nicholas Wolterstorff, Charles Colson, Timothy Keller and the Welsh Nationalist historian, R. Tudur Jones.

The alternative approach is Catholic Social Teaching which in its modern form stems from the encyclical *Rerum Novarum* 1891 issued by Pope Leo XIII, which addressed itself to the "new things" which had emerged from nineteenth century industrialisation and in particular "the misery and wretchedness pressing so unjustly on the majority of the working class". Since then, there have been numerous encyclicals dealing with economic and social issues, three of the most recent and influential being *Centesimus Annus* (1991) following the downfall of Communism by John Paul II, *Caritas in Veritate* (2009) commenting on the financial crisis 2008 by Benedict XVI and *Laudato Si* (2015) dealing with the environment by Pope Francis.

Principles for a Christian World View

Both these approaches have profoundly influenced my thinking and I believe that over the last few decades there has been something of a convergence between them even though significant differences remain. Based on biblical teaching, theological reflection and my own experience in academia, banking, business and government, I believe there are certain principles which are at the heart of a Christian world view and of great relevance to current political, social and economic issues, even for those who may not share our religious beliefs.

(a) One is the centrality of the human person and human flourishing

In the poetic narrative of creation in Genesis, there is the ringing declaration,

“God created individual mankind in his own image, in the image of God he created him; male and female he created them” (Gen 1:27)

Unlike the rest of the created order, human beings have a transcendent dignity because they alone are created with a divine likeness, *imago dei*. The biblical text does not define the nature and extent of God’s image but the context shows God as purposeful, holy, rational, creative and loving. This God-like image is true not just of some individuals, the wealthy, the talented, the powerful, the glamorous, celebrities. It is equally true of the poor, the homeless, drug addicts, the abused. It includes each individual regardless of race, gender, ability, wealth, lifestyle or background. Because each human being is a child of God, a person loved by God and someone for whom Christ died, then each person has infinite dignity regardless of their economic contribution to society.

The Hebrew Scriptures stress the notion of human flourishing, a life of happiness and contentment, a full life, a life lived well. The wisdom literature which we referred to earlier explores this in some detail. Incidentally, a similar idea is found in Aristotle’s Nichomachean Ethics when he uses the word *eudaimonia*.

It is because of the importance which scripture attaches to human flourishing that it must be a yardstick by which to judge economic life.

The Christian faith is not about the integrity of a spontaneous order or an idealised market economy. An economic system should be judged pragmatically by whether it serves people and not by whether people are being made to serve the economic system: in this context, particular concerns for me are the increase in stress and mental illness in work, the contractual status of employment in the gig and sharing economy, gender imbalance in the workplace and work-life issues.

This understanding of the person is unique. It is the basis for human dignity and human freedom, religious, political and economic. It is the foundation of religious liberty, parliamentary democracy and the market economy. The God who created us endowed us with the freedom to choose, and, as a consequence, accept responsibility for the choices we make.

One aspect of human flourishing is the creation of wealth. The natural world with its wealth of resources, diversity and beauty is God's gift to human kind. For the people of Israel this meant,

“a good land – a land with streams and pools of water, with springs flowing in the valleys and hills; a land with wheat and barley, vines and fig trees, pomegranates, olive oil and honey: a land where bread will not be scarce and you will lack nothing; a land where the rocks are iron and you can dig copper out of the hills” (Deut. 8: 79).

Wealth was something intrinsically good not bad. We were not created to live in poverty, eeking out a meagre existence and living off bare necessities. We have been delegated to have both dominion over God's creation as well as stewardship for its sustainability. Mrs Thatcher used to remind those of us who worked for her that we were tenants of God's creation with a full repairing lease. We are leaseholders but we are not owners.

It is important in this context to recognise that Jesus never condemned wealth as such. He was born into a household which had a small family business. He himself identified with wealth creation through work. He dignified manual labour as a carpenter, a word translated from the Greek *tekton* which could also mean mason, cartwright and joiner all rolled into one. He enjoyed the hospitality of friends and mixed with all classes of people including the wealthy.

When He taught “you cannot serve God and Mammon”, he was not condemning wealth as such but warning that money had the power to crowd out the spiritual life by elevating it to the status of a god. For an attractive wealthy young politician he met, the demand to sell all his possessions before following Jesus was more than he could take.

(b) A second principle is the importance of a market economy

The reason I stress a market economy is because I believe it is more compatible with Judaeo-Christian teaching than the only serious alternative on offer, namely an economy in which the state is the engine driving economic activity. In the eighteenth century this took the form of Mercantilism. In the nineteenth century it produced the Communist Manifesto and Marxist economics. In the twentieth century it resulted in the wholesale nationalisation of companies and indicative planning by governments. In the twenty first century the danger is that it will take the form of vastly greater government regulation of private business and markets which will blunt incentives and place a mortmain on enterprise.

One element of compatibility between a market economy and Christian faith is that it offers the greatest scope for each person to make their own decisions regarding what job to aim for, where to live, how much training to undertake, how hard to work, how much risk to take on with a mortgage and family and so on. In other words, it offers great personal freedom as well as the responsibility which accompanies it.

Next, markets cannot exist without well defined property rights and a rule of law which enables contracts to be made and enforced within a legal system which is independent of politicians. The rule of law protects individual’s liberty against the arbitrary power of the state. Well-defined property rights mean that individuals and families are able to prosper by retaining the rewards they earn from work and risk taking.

Third, markets work with the grain of human nature. Every economic system, feudalism, slavery or communism has had at its core an implicit anthropology. It makes assumptions regarding human motivation, the nature of a human being, the place of the individual in society. Feudalism, slavery and communism were all command and control systems. Their basic assumption was that people needed to be coerced into working, disliked taking responsibility and longed for security. By contrast, one reason markets are successful is that they enable the

creativity and enterprise of individuals from all kinds of backgrounds and abilities to flourish.

Adam Smith is widely considered the father of the modern market economy. In making the case for a market economy Smith postulated a certain view of the human person. In his early work, he stressed that each person was endowed with ‘certain moral sentiments’ such as prudence, sympathy, benevolence, self-control, charity, friendship, generosity, and gratitude. However, when it came to explaining the growth in the wealth of nations he mentioned two further characteristics: ‘the propensity to truck, barter and exchange one thing for another’, so that ‘every man...lives by exchanging, or becomes in some measure a merchant’; and the ‘desire of bettering our condition’, which ‘comes with us from the womb and never leaves us till we go into the grave’.

If there is a case to be made for a market economy, it must be made in the world as we find it, warts and all, a world inhabited by sinners not saints, rather than in an ideal world of our imagination. The Christian faith stands outside of every economic system and is a benchmark by which to judge each. In the same way that there is a Judaeo-Christian basis for the rule of law and the institution of government, even when in practice it may be far from ideal, as was true of the Roman Empire in New Testament times, there is also a Judaeo-Christian basis for an economy based on the freedom to exchange and trade, to own property, to save and invest, and to set up new businesses, even when such an economy may be far from the ideal.

Let me stress that I am not blind to the fact that market economies have faults. They are prone to cycles in which downturns involve costs and distress. They can permit cartels, oligopolies and monopolies to flourish. They can create unacceptable inequality in the distribution of income and wealth. They can focus on the short term and neglect the long term. They can under provide “public goods” such as basic scientific research and public health. Because of this a market economy needs the framework of an effective government, an independent judiciary and regulation of markets and companies which protect consumers and workers.

Finally, if people are serious about creating prosperity as a way to lift people out of poverty, the market economy is the only economic system we know in history which has produced mass flourishing. No other system comes anywhere close to it.

When I first started studying economics in the early 1960's the prevailing consensus was the mixed economy: markets were fine for items such as food, clothes, household necessities and luxury products but not for important things such as coal, steel, ship-building, gas, water, electricity, railways, airlines, all of which were in state ownership. There was no great enthusiasm for markets. Hayek, Friedman and the Institute of Economic Affairs were curiosities. The perception that markets were more effective than state ownership grew over time because of the contrast between the success and failure of East and West Germany, that of Hong Kong and China, that of North and South Korea, countries with similar populations and cultures but different economic systems. There was also the rapid take-off of the Asian tigers (Hong Kong, South Korea, Singapore and Taiwan), the dead hand of regulation in India and the poor performance of the public sector in the UK.

More recently in the last 40 years China has witnessed a staggering reduction in poverty and growth in prosperity, probably greater for one country than at any time in history. Most important of all is the record of market economies since the beginning of the Industrial Revolution in the late eighteenth century in raising the standard of living of its populations accompanied by remarkable developments in education, health and life expectancy.

(c) A further Christian principle is a concern for the mutual flourishing of society.

The Christian faith starts with the individual but it is not an ethic of individualism. It is about the flourishing of all individuals and the way we live as communities whether, in families, villages, towns, cities, work places, nations. Catholic Social Teaching has expressed this as the pursuit of the common good and defined it as

“the sum total of social conditions which allow people, either as groups or as individuals, to reach their fulfilment more fully and more easily”.

This is not simply the sum total of the good of each person, but viewed as a whole the good of all people and for each person the good of the whole person. Being fulfilled as a person means being in a relationship with others and doing things for others. The common good as the mutual flourishing of the whole involves economics, politics and society. It also involves a spiritual dimension as each person is constituted body and soul. Pope John Paul II emphasized the moral features of the common

good as self-control, personal sacrifice, solidarity and the promotion of the common good itself. The common good is about inclusion – an inclusive economy, an inclusive society and an inclusive political system. It is never about exclusion.

Ever since *Rerum Novarum* (1891), the concept of the common good has made a priority of improving the condition of the poor. Most recently Pope Francis has stressed,

“We have to state without mincing words, that there is an inseparable bond between our faith and the poor. (48)...Each individual Christian and every community are called to be an instrument of God for the liberation and promotion of the poor, and for enabling them to be fully a part of society: this demands that we be attentive to the cry of the poor and come to their aid (187)” *Evangelii Gaudium* 92013)

Kuyper was, like Leo XIII, passionate about tackling the condition of the poor. Their oppression angered him as he was convinced that God was on their side. “You do not honour God’s word, if you ever forget how the Christ (just as his prophets before him and his apostles after him) invariably took sides against those who were powerful and living in luxury and *for* the suffering and oppressed” (*Markets and Morality*, Vol 5. No.1, pg38) or again, “How entirely different things would be in Christendom if the preaching of Jesus were also *our* preaching and if the basic principles of his kingdom had not been cut off and cast away from our social life by virtue of over-spiritualisation” (pg.38)

By drawing attention to hunger in modern Britain, the suffering caused by the transition to universal credit and the extent of modern slavery, the common good lays down a standard. My own reservation is the extent to which it weakens individual responsibility. The modern concept of the common good emphasising different interest groups grew out of the corporatist movement of the nineteenth century with its roots in an idealised view of Medieval society. The result is that we think of society as made of distinct corporate identities – business, the city, trade unions, universities, the military and so on – rather than the individuals within the categories; and end up paying more attention to the views of the leaders of these entities than their members.

(d) A fourth principle is limited but effective government

The way Kuyper thought about society was in terms of its different spheres: family life, fine arts, the university, science, trade unions, guilds, the church. Each sphere had its own place, its own identity and its own unique tasks. These organic spheres have autonomy or 'sphere sovereignty' as he phrased it and needed to be kept separate and protected from excessive government interference "The state must never become an octopus, which stifles the whole of life" (Stone Lectures). In this he was concerned because of the centralisation and consolidation of state power which was taking place in the unification of Germany under Bismark.

By cautioning the role of the state, Kuyper still maintained that the state had responsibilities with respect to these spheres; to protect the boundary limits when spheres clashed, to defend individuals from the abuse of power and to levy taxes to maintain the unity of the state. In the regulation of business today, government has a most definite role to play, but in other areas and especially the family, the extent and intrusiveness of government intervention, which has grown enormously over the past half century needs to be critically challenged.

Alongside the importance of sphere sovereignty is the Catholic emphasis on subsidiarity so that 'higher' structures should not direct, control or take over "lower" structures. Subsidiarity is important because by preserving the dignity of individuals and communities it strengthens institutions in civil society. I believe that the devolution of government to Northern Ireland, Scotland and Wales within the UK, as well as further devolution of central government to local government are successful examples of the principle of subsidiarity.

(e) A fifth principle is the Importance of Seedbeds of Virtue

A market economy and a democratic political system cannot exist without a culture built around certain values. A market economy requires honesty, self-discipline, a sense of adventure, personal responsibility, prudence, hard work, saving for a rainy day. Without these values there will be less trust in economic life and markets will be derided as "crony capitalism". These values will not be generated within the market economy. They may be reinforced in markets but their source lies outside of markets.

In the political sphere, political involvement and debate requires respect, civility and decency. Representative democracy must be seen to respect

the decisions of the electorate. Politics must attract people of character concerned with the public interest. Politicians themselves, by their behaviour and the way they speak in public provide examples of leadership in public life. When this is debased, public life is coarsened, the political community fractures, people lose trust in political leadership and ultimately political life becomes a war of all against all. In the process public service is devalued. As in a market economy the values which enhance political life have their origin outside of politics.

What is the source of these values in business and public life? Mary Ann Glendon, a professor of law at Harvard Law School, has described the institutions which generate these values as “seedbeds of virtue”. She identified among others, the family, school, community, religious congregations. I would add voluntary organisations. The growth of secularism and the ‘adversary culture’ of the nineteen sixties have had positive benefits: the enhanced role of women, concern for the environment, challenges to hypocrisy, standards and stuffiness. Today, however, we are reaching a point of crisis through the rise in dysfunctional families, the growing prison population, and the inability of the school system to cope with the demands being made on it. Reversing the trend by strengthening the traditional family and the teaching of moral values in schools and churches, synagogues and temples will not be easy, but is an important challenge.

Conclusion

Let me now conclude.

I have tried to argue that the Christian faith is a world view which encompasses politics, economics and society. It is not a detailed blueprint for economic and political structures, but it provides us with principles which underline policies and a direction of travel.

One of the major lessons to emerge from the political economy of ancient Israel for me is the need for every family to have a stake in economic life. When people have a stake in society they feel enfranchised and take greater interest in its public life and its future. If capitalism is to survive it must be an inclusive capitalism which offers opportunities, an increasing standard of living for everyone and prosperity but widely shared. At present, this is not the case.

Jobs matter to people and provide a stake in a society. In the UK, business has been successful in creating jobs with record highs for employment and lows for unemployment. By contrast, housing is a glaring problem. A generation of discontented renters is a recipe for social conflict. Many detailed proposals for building more houses and helping first time buyers exist, some of which were put forward in a House of Lords Select Committee on Economic Affairs Report last year, on which I sat. It is for decision makers to choose the way forward but for me the Christian imperative in this area is the need to take action now and create wider ownership.

Alongside wider ownership is the challenge of strengthening those institutions which are the seedbeds of virtue in our society. The family can be strengthened by empowering parents during pre-school years, creating a level playing field in taxation between mothers who do paid work outside the home and mothers who stay at home and are not paid and by supporting initiatives to increase social mobility.

Finally, the Christian faith is a living reality not just a cultural heritage. Jesus promised that those who follow him would discover a new kind of life. When challenging his followers, two of his most engaging metaphors were those of salt and light.

“You are the salt of the earth...you are the light of the world. A city on a hill cannot be hidden. Neither do people light a lamp and put it under a bowl. Instead they put it on a stand and it gives light to everyone in the house. In the same way let your light shine before men, that they may see your good deeds and praise your Father in heaven” (Matt 5:13-16)

I believe strongly that the renewal of political life and the raising of standards in business is intimately bound up with the renewal of the church. In view of the scandals of the Christian church and the increasingly secular nature of the world in which we live, people resent being preached at. They want first to see the deeds done by Christian people. By being salt and light in a thousand small ways, Christians can earn the right to be heard by showing something of the vitality of a living Christian faith. This for me is the real alternative to both Capitalism and Socialism.

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