



29 November - 5 December 2009

## THEME OF THE WEEK

"The New Jerusalem"

Week 1: Vision

# A NEW CITY



The prophets' message was never purely negative. Even when issuing the starkest warnings of imminent disaster, they raised our sights beyond. They spoke of hope and put it in concrete not abstract terms. They offered a vision. And one of the most stirring was the vision of a city - a new Jerusalem.

This is true even of Jeremiah, whose very name is often used to describe warnings of woe ('Jeremiads'). Jeremiah pulled no punches. As the Babylonian invader was at the very gates of the city and Jerusalem was about to fall, he offered no false comfort: 'I have hidden my face from this city...' says the Lord.

It was not that God could not bear to see the destruction of his city. Rather it was the other way round. God was no longer able bear how the people of his city had been behaving. They had turned their backs on God.

God would turn his face from them: 'I have hidden my face from this city because of all their wickedness.' It was made the more offensive in that the people did not actually reject their God. They pretended to honour God whilst pursuing a course of injustice and infidelity.

But God did not give up on the city. Before the century was out, Jerusalem was being restored. Were the lessons learned? Tragically not. So, six centuries later, as Luke was writing his gospel, only decades after the death of Christ, Jerusalem had suffered even greater devastation, this time by a Roman army ruthlessly suppressing an ill-conceived nationalist

revolt. God had again hidden his face from the city, the city over which Christ wept (Luke 19:41).

Once again, however, that was not the end of the story. In the final book of the Bible, the Book of Revelation, we read: 'I will write on you the name of my God, and the name of the city of my God, the new Jerusalem that comes down from my God out of heaven, and my own new name' (Revelation 3:12).

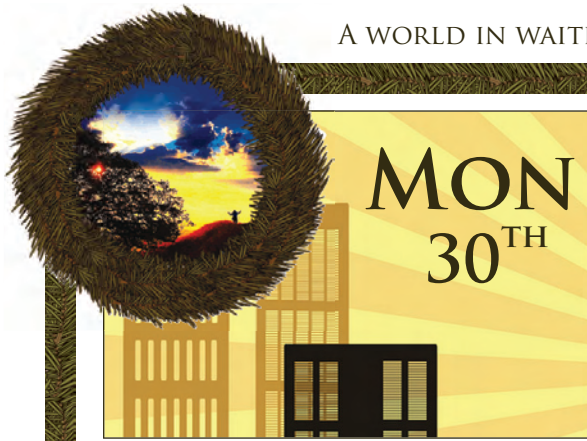
The vision of the New Jerusalem was kept alive in Christian tradition

from Augustine of Hippo, in the late 4th century, with his tale of the two cities, to William Blake in the late 18th century. It has been taken up in hymns and music. And for much of its history the British Labour movement expressed its mission in terms of 'Building Jerusalem'. Where has the vision gone?

Might one of the reasons for our economic crisis be precisely that we are suffering from impaired vision? Short-sightedness, tunnel vision, lack of focus - these defects have caused us to lose sight of what economics is all about and has caused a disconnect between financial transactions and the real world which has become apparent only when the damage has already occurred.

It is our deficiencies in vision which will be the subject of the reflections which follow.

**"I have hidden my face  
from this city because of  
all their wickedness"**  
(Jeremiah 33:5)



## Jeremiah's Vision A CITY OF JUSTICE

**'This is the name by which it will  
be called:  
"The Lord is our righteousness".'  
Jeremiah 33:16**

'A great vampire squid wrapped around the face of humanity'. That was the epithet hurled at Goldman Sachs, the world's largest investment bank, by Matt Taibbi in Rolling Stone Magazine in July this year. Pretty strong language. But it certainly expresses the sense of anger and injustice felt by the fact that so far the biggest beneficiaries of all the public money spent to get a nation out of its financial crisis are the very firms that got us into it.

Later that month Goldman Sachs declared that it had made more than \$100 million on revenues on each of a record 46 days in the second quarter of 2009, beating the old record of 34 such \$100 million days in the previous quarter. But Goldman Sachs was hardly alone. In the first half of 2009, the top 11 investment banks all did very nicely.

Nor are retail banks doing much for their reputation as they respond to the crisis by imposing tougher terms for extending credit and by increasing fees for overdrafts. By the end of the year, US banks will have collected a record \$38½ billion in fees for overdrafts, according to an estimate by Moebs Services.

No wonder the cries of anger and injustice are so loud and bitter. Even if sometimes not entirely fair, such protests at least prevent us from being lulled into thinking that the economic crisis we are in is simply the result of ignorance, or faulty economic models. It is a matter of justice. And cries out to be heard. Justice must be at the heart of economic life. In the words of Pope Benedict XVI, in his encyclical *Caritas in Veritate* published in July this year: '... the canons of justice must be respected from the outset, as the economic process unfolds, and not just afterwards or incidentally.'

But, to paraphrase Pontius Pilate: what is justice? 'Justice' in economic affairs is a complex and

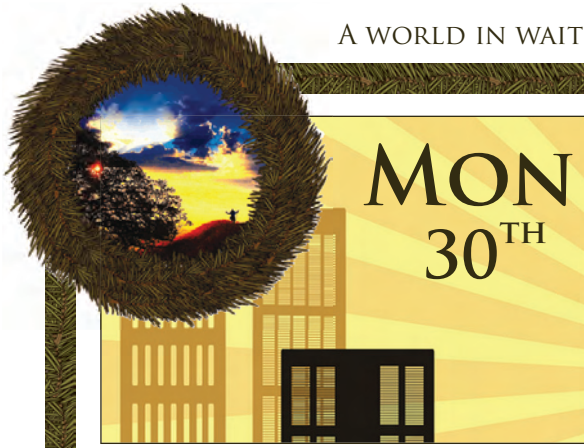
contested matter. As the Nobel prize-winning economist-philosopher Amartya Sen, lucidly spelt out in *The Idea of Justice*, published earlier this year, one major obstacle to addressing the questions may be the very assumption that there is a perfect and definitive answer which we need to discover. On the contrary, argues Sen, what we need is openness to the different perspectives on justice which come from different traditions and philosophies. But underlying that openness, says Sen, must be a shared commitment to take practical measures to reduce present injustices.

Where to begin? A useful first step might be to distinguish two distinct aspects of justice: the substantive aspect (i.e. the content or outcome) - and the procedural aspect (i.e. the method or process). Both are essential.

When considering the substantive aspect of justice we should resist being constrained by too narrow a notion of justice. Justice cannot be limited to contractual arrangements, be they explicit or implicit, between individuals. Justice has a social dimension which can often be even more important. This could hardly be more obvious in the case of the current economic crisis. Even if those responsible for the crisis were not the beneficiaries of the rescue packages, they still bear a heavy obligation towards those, throughout the world, who have been profoundly damaged by their actions. The spread of suffering has rightly been compared to the fall-out from Chernobyl or the ecological damage from an Exxon oil spill. Our current economic crisis has brought to the surface some of the most profound questions of social and indeed global justice.

Is such a broad notion of social justice too big to be translated into specific demands? Not unless we allow it to be. Already specific suggestions have been floated, for instance, imposing on institutions which pollute the





financial environment a risk-tax, similar to a carbon-emission tax on firms which pollute the physical environment. Another suggestion is to require all banks - even those which have not been bailed out - to pay a 'social dividend' on the grounds that all are part of a system which has benefited from tax-funded rescue plans. If private shareholders have profited from the public money that has been used to rescue the entire financial system, why should not the public who have supplied the money for the rescue?

Alongside such questions relating to the substantive demands of social and global justice there is also the procedural dimension: who decides what is just? The point was nicely made in May this year by Philip Augar, himself a former investment banker. He was reacting to comments by Win Bischoff, co-author of the top level report *UK International Financial Services - The Future: A report from UK based financial services leaders to the Government*.

Bischoff urged: 'The government and the [financial] industry should lead an informed public debate on the role of financial services in the economy.' Augar put his finger on it when he said: 'It is the right idea, in the wrong hands....alternative ideas are being marginalized.' The task, he continued, is: 'to understand the new relationship between finance and society.'

For this reason, he argued, insiders cannot provide answers on finance; the debate should be independent, led by a person from outside the financial services industry. It should, he suggested, include trade unionists, academics and corporate consumers, and be supported by officials from the Cabinet not the Treasury.

What about us? Where do we fit into the debate? We have immense resources to contribute from a Christian

point of view. Some are offered in these reflections for the weeks of Advent - with the suggestion that the notion of justice be grounded in the reality of a covenant, and with the argument that economic justice will only lead to happiness and prosperity if it is linked to a morality which gives pride of place to the notion of a good life and the common good.

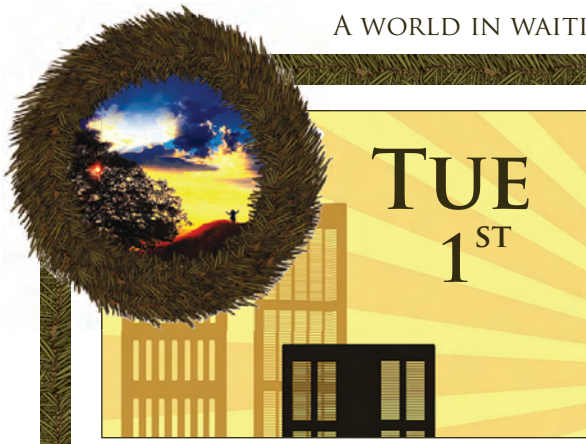
Fortunately, there are voices, theological and philosophical, which have precisely been opening up the question of social justice in ways which are wonderfully geared to stimulate insights rather than to lay down definitive answers. The opening suggested by Amartya from a philosophical perspective is nicely complemented, theologically, by Nicholas Sagovsky, Canon Theologian of Westminster Abbey, in his *Christian Tradition and the Practice of Justice*, published last year. Sagovsky argues that instead of seeing 'justice' on the basis of one single logical line of reasoning, it would be far more fruitful - and realistic - to approach justice as an interaction between the notions of fairness, freedom, the rule of law and the meeting of need.

It is approaches such as these which may help us re-establish justice in our cities and in the City. In the words of Jeremiah: 'In those days...Jerusalem shall live undisturbed and this shall be her name: "The Lord Is Our Justice"' (Jeremiah 33:16). It is only when we return to justice that God will no longer hide his face.

## ACTION

### What Are We Waiting for? Witnessing to Hope

National Justice and Peace Network  
<http://www.justice-and-peace.org.uk>



Jeremiah makes a risky investment

## THE LONG VIEW

Jeremiah 32: 9-15

‘And I bought the field at Anathoth from my cousin Hanamel, and weighed out the money to him, seventeen shekels of silver. I signed the deed, sealed it, got witnesses, and weighed the money on scales. Then I took the sealed deed of purchase, containing the terms and conditions, and the open copy; and I gave the deed of purchase to Baruch son of Neriah son of Mahseiah, in the presence of my cousin Hanamel, in the presence of the witnesses who signed the deed of purchase, and in the presence of all the Judeans who were sitting in the court of the guard. In their presence I charged Baruch, saying, “Thus says the Lord of hosts, the God of Israel: Take these deeds, both this sealed deed of purchase and this open deed, and put them in an earthenware jar, in order that they may last for a long time.” For thus says the Lord of hosts, the God of Israel: “Houses and fields and vineyards shall again be bought in this land”.’

### Jeremiah 32: 9-15

The prophets did not just speak. They also acted. Sometimes purely symbolically. Sometimes with a practical purpose. Faced with the imminent fall of Jerusalem, Jeremiah made a move that sent out a message of hope for the people of his day. His action also provides us with an example of what it means to invest, unselfishly, for the good of future generations.

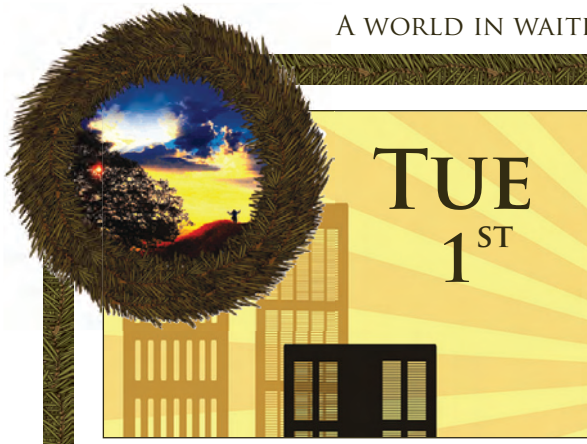
Jerusalem was about to be taken. What profit could there possibly be in spending good money to buy land in an area likely to fall into enemy hands? Yet Jeremiah was being asked to do just that by his cousin Hanamel whose dire circumstances put him in a position where he was forced to sell his plot of land in Anathoth. It was certainly not a seller’s market. Nor was Jeremiah ideally placed to buy it. He was a political detainee, kept under guard because he was viewed as an ‘enemy within’. Furthermore, there would be no descendants to whom he could pass it on. For Jeremiah had taken a vow not to marry.

Yet he went ahead and purchased the land - and at a fair price, scrupulously observing all the legal niceties and taking care to ensure that the deeds were securely stored. Why? Partly because Hanamel was his cousin and Jeremiah’s act was an act of redemption. That was his right and his duty. In this way there was at least a chance that the property could be kept within the extended family - unless it was taken over by the invading Babylonians. But that is hardly the point of the story. The real point was that this was a symbolic act of hope for those who would come afterwards. It was not a hope for himself. Jeremiah would be led off to Egypt where he would die, probably in his early 40s. But by risking his money as he had risked his life, he bore witness to hope that the Lord would be faithful and that His people would one day return and ‘the time would come when houses, fields and vineyards will again be bought and sold in the land’ (Jeremiah 32: 15).

This story of Jeremiah was held up by the German Lutheran pastor, theologian and prophet Dietrich Bonhoeffer. Like Jeremiah, Bonhoeffer was seen as an ‘enemy within’. He had been involved in a plot to assassinate Hitler. Like Jeremiah, he believed that the words he uttered whilst in detention might offer hope to the survivors of the catastrophe which was to follow, even though, unlike Jeremiah, he would be executed rather than witness the tragedy.

In a Christmas letter in 1942 Bonhoeffer wrote: ‘We always used to consider it one of the basic human rights to be able to plan one’s life in advance... Those days are past... We are left with only the narrow path ...of living each day as if it were our last, yet in faith and responsibility living as though a splendid future still lay before us: “Houses and fields and vineyards will again be bought in this land” cries Jeremiah just as the Holy City is about to be destroyed, a striking contrast to his previous prophecies of woe. It is a





divine sign and pledge of better things to come, just when all seems blackest. Thinking and acting for the sake of the coming generation, but taking each day as it comes without fear and anxiety - that is the spirit in which we are being forced to live in practice. It is not easy to be brave and hold out, but it is imperative.'

'Thinking and action for the sake of the coming generation...' What might that mean in practical terms for today's investors?

Obviously it means taking the long view. Short-termism and short-selling may have limited usefulness insofar as such practices shock complacent firms into more efficient and creative ways of operating. Sometimes, however, such practices amount to sheer asset-stripping and pure speculation. In either case, they put firms under enormous pressure to produce immediate, monetary profits before all else. And this can actually undermine the true value - and usefulness - of the firms they are targeting. So concerned is the US Securities and Exchange Commission that it has decided to require that details of short-selling transactions be published on a daily basis.

But it isn't just shorting by hedge funds and activist shareholders that is the problem. Even long-term (defined as maintaining an investment for at least two years) institutional investors, such as pension funds, have reduced their holdings in equities by one-fifth since the credit crunch began according to a report by EuropeanIssuers. This, says the report, has 'undermined the shareholder base of many companies, making them less stable'. One of its suggestions was that more companies should pay 'loyalty dividends' to companies that hold shares for more than two years, as is done in France. Meanwhile, in the UK, Lord

Myners, Financial Services Secretary to the Treasury, has proposed a controversial two-tier shareholder register that would give great voting rights to longer-term shareholders. There may be better solutions but surely some action is needed to ensure that businesses are not treated just as milk cows and then sent off to slaughter.

The underlying lesson of Jeremiah's action, however, is about the importance of using our resources not just for the longer-term future of a firm but for the longer-term future of society and of our planet - for example, investing in clean and green technology - 'Thinking and action for the sake of the coming generation...'

Taking the long view is risky. It may often require an act of (well-founded) faith. But might the example of Jeremiah encourage us to take the plunge... 'for the sake of the coming generation'?

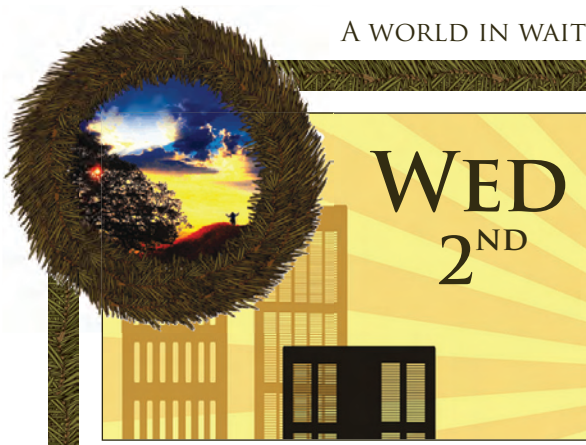
## ACTION

### What Are We Waiting for? Witnessing to Hope

Industrial Christian Fellowship  
<http://www.icf-online.org>

UK Sustainable Investment and Finance Association  
<http://www.uksif.org/>

EuropeanIssuers  
<http://www.europeanissuers.eu/en>



Inscribed on all US currency is the motto 'In God We Trust'. It first appeared in 1864, and then only on coins. Not all American citizens were happy with it. Some saw it as incompatible with the separation of church and state. To others it seemed an irreverent, if not sacrilegious, invocation of God's holy name.

But it served a purpose - a two fold purpose. The overt purpose was a straightforward affirmation of faith. We place our trust in God, not gold. But at a less conscious level, the motto also served another purpose. And this had more to do with ideology than with faith. It suggests that, because we see ourselves as the sort of people who trust in God, might not the system we have set up have some sort of divine backing?

Does our economic system- capitalism - have divine backing? If pressed, we would, of course, deny it - wouldn't we? But a look at the history of the development of that system shows why some might be tempted to see it in those terms. For there are two theological foundations on which capitalism has tended to rest for support - one Christian, the other Deist.

The Christian ancestry of capitalism has often been linked with the Reformation. Over a century ago, Max Weber's famous treatise on 'The Protestant Ethic and the Spirit of Capitalism' argued that capitalism's strength was owed to the Protestant ethic with its stress on work as a vocation, honesty as a key virtue, deferred gratification as a discipline that promoted saving, investing and philanthropy as a responsibility that comes with wealth.

The Deistic support for capitalism came later, notably in the works of Adam Smith. Strictly speaking it was more about a free economy than about capitalism as such. Smith was attempting to show how a free economy was rooted in the natural order of things. According to this happy vision, we can rely on the harmonious workings of the natural forces of free movement of capital and labour, free markets and competition and, of course, free play to self-interest, all of which would combine, serendipitously,

## 'In God We Trust' FAITH OR IDEOLOGY?

Psalm 25: 1-10

in the furthering of the public good.

As if these two theoretical interpretations of the divine backing of capitalism were not enough, a third has been added in more recent times. It is the collapse, twenty years ago, of what was called the 'godless system of communism', the inference being that God was on the side of system that opposed it.

Is it important to distance ourselves from any residual belief that capitalism is God-given? Yes, so that it can be subjected to the criticism that needs to be applied to any system of power, whether cultural, political, or economic. Adam Smith would certainly agree.

Stephen Green, an Anglican priest who also happens to be former Chief Executive and now Chair of HSBC, recalls Nigel Lawson's application to capitalism of the comment which Winston Churchill once made about democracy: 'every other system of economic organisation is far worse.'

Is this a mark of wisdom or a counsel of despair? Discuss. The value of a discussion is that it helps us to avoid placing our trust in the structures, systems, laws and models of behaviour that we ourselves have made and then giving them a divine imprint. If we really do trust in God, should we not feel free to devise, reform, and create economic, political and social systems that are ever more capable of ensuring justice?

Perhaps it is not simply that we place our trust in God but that it is mutual. God is also trusting us - to earn our wealth justly and to use it wisely for the good of one another and of our beleaguered planet.

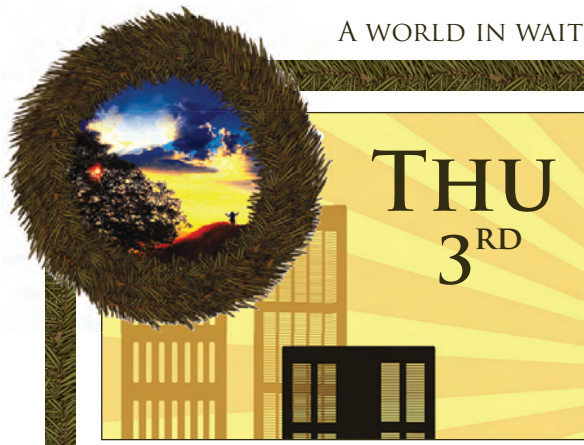
### ACTION

#### What Are We Waiting for? Witnessing to Hope

Faith in Business

<http://fibq.org>





## 'Be Blameless when He Comes ' THE BLAME GAME

I Thessalonians 3:9-13

Who's to blame for the economic mess we're in? Wait a minute. Is that the right question? The blame game is as old as humanity itself. Adam tried to evade responsibility by blaming Eve; Eve, in turn, tried to shift the blame to the serpent. It did not work then. It will not work now. And it certainly will not work at the last judgement.

Yet the blame game goes on. It is evident in our attempts to come to terms with the mess that our economy is in. The public tend to blame 'the bankers'. The bankers blame 'innovation' and the complexity of the new financial vehicles. Investors blame the boards of directors. Conservative media like to blame 'the government'. Politicians blame 'the regulators', and on it goes. Some of even blamed anti-poverty agencies and inner-city pastors for encouraging poor people to become home-owners as a means of escaping from poverty. When we tire of looking for someone to blame within our borders we look beyond. Rather than accept that our excess spending and borrowing might be the problem, we blame countries in the Middle East or South East Asia for 'excess saving' and for building up their currency reserves, or we blame China for artificially keeping down the value of its currency.

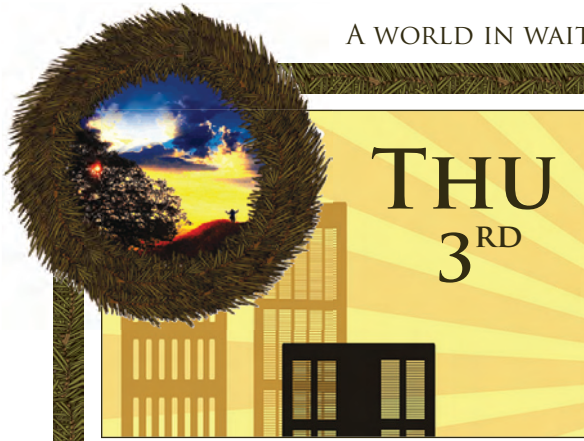
Paul, in his letter to the Philippians, urges the new community of Christians to 'be blameless (amemptos) when he comes'. The term amemptos means inculpable, undeserving of censure.

How might that apply to the economic mess we are in? Which of us is without blame? Does the fact that we have worked hard, saved rather than spent and paid our bills on time mean that we are blameless? Aren't those who have been living on credit and who took out mortgages which they could not pay really to blame? There's something in that, of course, but consider: the number who took out 120% mortgages or who lied about their income is a relatively small part of the population. In pure mathematical terms that amount of debt is only a fraction of our current national debt. So where does that leave us?

Perhaps we should try to distinguish between two extremes. At one extreme is the blame game. At the other is the bland confession, in some vague way, that 'we are all responsible'. As Hannah Arendt has observed, in a far more serious context, 'Where all are guilty, no one is; confessions of collective guilt are the best possible safeguard against the discovery of culprits, and the very magnitude of the crime the best excuse for doing nothing.' So, both extremes, in their different ways, avoid the question of responsibility, i.e., the task of identifying precisely where and how things went wrong so that we can make the necessary changes, both in our personal behaviour and in our economic system.

Let's begin with ourselves, our own behaviour. What part have we played in encouraging a buy-now pay-later culture? Have we tried to justify such a culture by maintaining that such behaviour is good not just for us as individuals but good for the economy as a whole? Have we allowed ourselves to be persuaded that taking out too steep a mortgage is nonetheless a good investment because the value of houses will always increase faster than interest rates? And have we then justified that even further by believing that, because of the expected rising value of our home, we can borrow more to spend on other goods and that high levels of consumption will lead to high levels of production and high levels of production will lead to high levels of employment and so we will have more than enough to pay off our debts?

True, the culture based on credit, which has developed gradually over the past half-century, did seem to work. So well did it seem to work that we lost sight of the real-world conditions on which it depended. So we moved into a world of unreality, under the illusion that production would take care of itself as long as we kept consuming. When this carried over into the area of asset-ownership, the purchase of houses or shares, the illusion took over. It was our own belief that asset values would rise that caused them to rise and rise. Our wealth would increase without much effort on our part



and as it increased we could draw on it to pay off our original debts. And as everybody seemed to believe it - not just those who took-out and sold sub-prime mortgages - then, yes, in that sense we all bear some responsibility for what happened. The case is well put by Kurt Andersen in his best-selling book published earlier this year, *Reset: How This Crisis Can Restore Our Values and Renew America*. Deep down we knew the Day of Reckoning would come. And now it has.

But examining our own personal behaviour is only part of the task. We also need to look at our economic system and ask: what made it possible to think we could enjoy now, pay later and not have to work too hard? One key factor is that interest rates were so low. Another is that imported goods were cheap. In both cases, there were global forces at work. Our world was changing from what it had been fifty years ago, but we were not adapting.

Why were interest rates so low? Because some countries - not just China and some South East Asian countries but also Germany - were running large current account surpluses from trade. There was a huge amount of money around, waiting to be put to use. So those countries became lenders and we became debtors. And why were imported goods so cheap? Because wages were low in many of those countries as well as in Eastern Europe.

It's a bit more complicated than that, of course. The reason why some countries ran up current account surpluses was that they had taken specific policy decisions to ensure this was the case, partly to immunise themselves from attacks on their currencies, and partly for domestic reasons. And the fact that

wages were low in some of those countries had the added effect that certain jobs (manufacturing, assembling, call centres, administration) began being shifted away from industrialised countries and other jobs (catering, cleaning, social care) began being filled in the industrialised countries by low-paid migrant workers.

And where are we now? In the worst of both worlds. We are having to pay off our debts at the same time as the prices of essential consumer goods, particularly basic goods such as food and fuel, are rising as wages are falling. So it's back to the blame game. Now it's said to be the fault of immigrant labour and the workers in call centres in the developing countries.

But perhaps it's time to drop the blame game and instead begin to ask: who is gaining from all this? Those who own the natural resources and those who have funds to invest. But why can't more of us own the resources and have funds to invest? And why can't the wages of workers in developing countries be raised so that their purchasing power would lead to increased production and therefore more jobs and indirectly to a lessening of the pressure to depress wages in the UK? Good question.

## ACTION

### What Are We Waiting for? Witnessing to Hope

Jesuit Refugee Service  
<http://www.jrsuk.net>





## WHO DARES to become a whistleblower

I Thessalonians 3: 9-13

In an age of corruption in high places, it is refreshing to know that some individuals have been brave enough to blow the whistle.

Sherron Watkins, an accountant working for Enron, first made her concerns known to the firm's Chief Financial Officer and to the firm's auditors, Arthur Andersen in 1996. She was not taken seriously. Five years later she wrote to Enron's Chief Executive Officer and Chairman, Ken Lay, expressing the concern she and others in the company had about the company's dealings and warning that the firm could 'implode in a wave of accounting scandals.' Five months later the letter - and Enron's fraudulent activities - became public. Watkins was hailed as the 'Enron whistleblower' and appeared on the cover of Time Magazine as 'Person of the Week'.

Harry Markopolos was a fraud investigator. When he saw the way Bernard Madoff had been using 'Ponzi' schemes to defraud investors, he reported his concerns with the Securities and Exchange Commission. This was in 1999. No action was taken until December 2008 when Madoff himself confessed to fraud amounting to \$50 billion, later found to be \$65 billion. Markopolos accused the Securities and Exchange Commission of 'financial illiteracy' for failing to heed his warnings. He was awarded a silver whistle by the Boston Security Analysts Society.

Sadly, not all whistleblowing stories have a happy ending. John Githongo, born in Britain, is a member of the Kenyan Kikuyu elite and was head of the Kenyan chapter of the global anti-corruption body Transparency International. When his people's party was returned to power in 2002 he was appointed permanent secretary for ethics and governance. He knew that the attitude which went with the assumption of power in Kenya was known as 'It's Our Turn to Eat' - a story told by Michela Wrong in the book by that title. But he was determined to change that. Githongo detailed the corruption and released his report in 2006. He became persona non grata in his own country.

Fraud, cheating and tax evasion are not found only in high places. They are pervasive and are experienced in our everyday lives. Which of us has not seen people boarding trains without paying full or any fare, or shoplifting, taking items from the workplace, or demanding to be paid in cash for their services so as to avoid both VAT and income tax, etc. What do we do? Do we challenge them on the spot? What reaction would that get from them? Or do we blow the whistle?

It is certainly true that we are increasingly being encouraged to blow the whistle. Private employers, charities and government bodies all encourage whistleblowing. The Government gives us a number to call if we suspect benefit fraud on the part of our neighbours. The Serious Fraud Office tells us what to do if we see dubious practices in our work-place. Some go so far as to offer positive rewards. The US Internal Revenue Service (tax office) advertises a 'Whistleblower Informant Program': 'If the IRS uses information provided by the whistleblower, it can award the whistleblower up to 30 percent of the additional tax, penalty and other amounts it collects.' That could be big money! There are also agencies which offer payment for whistleblowers to sell their story.

But it is not easy to be a whistleblower. First of all, we have to live with ourselves: how do we feel about shopping our work-mates or neighbours or a member of our church for that matter? Are we grasses or good citizens, traitors or heroes, informants or informers?

Then there are real risks of incrimination. If our identity is found out - even though assurances have been given that it will not - we may find ourselves being shunned by colleagues and neighbours, besieged by the media, made the object of defamatory comments, taken to court, subjected to anonymous hate-mail and threats. Whistleblowing is a risky business.

Yet there may well be times when we come across



behaviour that is likely to cause serious damage to innocent people or to involve a risk to public health and safety. In some situations we simply cannot turn a blind eye and simply hope that the proper authorities will catch the offender in time. And if we know that calling it to the attention of the culprit will be worse than useless, we may indeed decide that it is time to blow the whistle.

If we do, it's important to know what help is available. First, whistleblowers have a degree of legal protection. The Public Interest Disclosure Act came into force on 2 July 1999. The information disclosed must be deemed to be in the public interest. What's called a 'qualifying disclosure' covers matters such as the commission of a criminal offence, endangering of health and safety, damage to the environment. The disclosure can relate not only to damage that has already been done; it extends to damage which is culpably made likely to happen. The grounds of disclosure, therefore, are limited. So, too, are the contexts where this protection applies. The Act covers most workers in the public, private and voluntary sectors. But it does not apply to self-employed professionals (other than in the NHS), nor to volunteers (nor to charity trustees and charity volunteers), nor to police officers or the intelligence services. And the protection is also limited. The

Act forbids employers subjecting the informant to victimisation, unfair dismissal or any other 'detriment'. This, of course, does not extend to the reactions and disapproval that may come from fellow workers.

The current legal protection is a help in some cases but being a whistle-blower remains a risky business. So before taking the plunge, it would be wise to get advice from some of the helplines that exist or from Public Concern at Work.

## ACTION

### What Are We Waiting for? Witnessing to Hope

Public Concern at Work  
<http://www.pcaw.co.uk>  
 Public Concern at Work has a free, confidential helpline - 020 7404 6609

Whistleblowing in the Work Place  
<http://www.direct.gov.uk/en/Employment/ResolvingWorkplaceDisputes/Whistleblowingintheworkplace/index.htm>

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## INNOVATION, Transformation or 'Creative Destruction' ?

Luke 21: 25-36

Once again we are presented with an Advent reading that paints a picture of destruction. The passage read in Luke speaks of cosmic chaos. It is Act Two of a drama portrayed by Luke. Act One is about the destruction of Jerusalem: 'Jerusalem will be trampled down by foreigners until their day has run its course.'

There is plenty of destruction in today's economy, globally and in the City. Businesses, whether small or large have either collapsed, or been dismantled, taken over or been semi-nationalised. Indeed, some of the world's giant firms whether in the world of finance - Bear Stearns, Lehman Brothers, Merrill Lynch, HBOS, Iceland's main banks (Glitnir, Kaupthing and Landsbanki), Anglo-Irish Bank in Ireland, Fortis in the Benelux countries, Hypo Real Estate in Germany - or in the world of insurance (AIG) and manufacturing (General Motors, Chrysler). It's hit the printing industry, the record industry, the film industry and many others. Large and iconic symbols are also in trouble, not least in the newspaper industry (The Boston Globe, The Washington Post, The New York Times).

That capitalism is destructive can hardly come as a surprise to anyone who has looked closely at the history of capitalism. It destroys not only existing economic systems but social, cultural and political systems as well. It is frightening. But what does it all mean? For Karl Marx, it meant self-destruction - a long process marked by periodic cataclysms which would eventually bring about the end of a class society.

But there was an influential economist, Joseph Schumpeter (1883-1950), who also noted the destructive tendencies of capitalism but gave them a very different interpretation. He used a phrase which, not surprisingly, has resurfaced in the present crisis: 'creative destruction'. It would do Schumpeter an injustice to reduce his economic thinking to this one catch phrase but it is highly relevant. Where for Marx, it was the proletariat who were the heroes, for Schumpeter it was the entrepreneurs. And where for

Marx, the enemy was the bourgeoisie, for Schumpeter it was bureaucracy, centralisation, and the extension of state control.

What did Schumpeter mean by 'creative destruction'? Basically he was applauding the forces of innovation and enterprise. Innovation meant not just new technology and new types of products but also new forms of organisation and management, the identification (and stimulation) of new needs, new methods of marketing, etc. No bank bail-outs for him. No 'too big to fail' nonsense. Inefficiency and mismanagement should be punished not rewarded.

Leaving aside the apparent ruthlessness of such an approach, the notion of 'creative destruction' does at least challenge us to take a critical look, not simply a negative or benign look, at the economic destruction that is all around us. A critical look means, of course, not simply indulging in the commonplace that 'not all destruction is creative.' It means seeking to understand (a) what is needed to ensure that innovation can be more creative than destructive and (b) under what conditions does creativity and innovation best flourish.

To take the first point, a good deal of the destruction in the world of finance has been attributed to innovation, i.e. the development of brilliantly designed financial instruments and vehicles which were meant to control risk but which became so complex and obscure that they were used without being understood. The destruction that ensued was, as Gillian Tett of the Financial Times has observed in *Fool's Gold*, not about individual financial institutions that were 'too big to fail', but that they were 'too interconnected to ignore.' The destruction furthermore affected not just the financial system but people's lives, their dreams and their future, their informal economies, their patterns of life and leisure, their very survival.

One result is that innovation has almost become a bad word. The world of finance has - probably only temporarily - taken a conservative turn, giving



priority to control rather than innovation. That sort of destruction leads to the sort of reaction that Schumpeter feared. Looking at the role of State in the years immediately following World War II, Schumpeter commented, in *Capitalism, Socialism and Democracy*: 'The capitalist process not only destroys its own institutional framework but it also creates the conditions for another....things and souls are transformed in such a way as to become increasingly amenable to the socialist form of life.' Although he insisted he was not predicting the inevitable rise of socialism he did, in one of his final addresses, say: 'Marx was wrong in his diagnosis of the manner in which capitalist society would break down: he was not wrong in the prediction that it would break down eventually.'

The second question raised by Schumpeter's stress on innovation is whether it is necessarily the case that innovation and creativity best flourishes in free-market capitalism. Given that economic activity is the activity of people, individually and collectively, such statements rely in the end not simply on empirical evidence but on assumptions about human nature and society. Where is the proof that innovation needs the sort of competitive environment which only capitalism provides, or that that self-interest and the pursuit of financial gain is the key motive for innovation, or that working against others rather than collaboratively - sharing ideas and discoveries - is the most efficient process? Much depends on the conditions and on the individuals involved.

Two of the most dramatic examples in modern times, which involve literally issues of life and death on a gigantic scale were the making of the atomic bomb and the discovery of the human genome. The former was done collaboratively; the latter pitted the private entrepreneur Craig Venter in a race against the publicly-funded Human Genome Project. The issue is not only who won the race - it was close - but which makes the greatest benefits accessible to the greatest number of people.

In the end whether the sort of destruction we are experiencing will be creative or not depends on our own choices. For some, this can mean a golden opportunity for taking even more destructive measures which in other times might not be acceptable - closing plants, cutting jobs, dismantling the Welfare State. For others, such as corporate social responsibility consultants, for example the Malaysian-based OWW, it can mean undertaking positive reforms so as to ensure that what is rewarded are activities that benefit rather than harm the environment.

It has become commonplace to say: 'A crisis is a terrible thing to waste.' And in both cases the saying applies. Yet even so, as a McKinsey study has warned, changes taken in response to crises are less likely to succeed than those taken from a position of strength.

The point here is not to close the debate but to open it and to ask: why, in the face of world poverty and the threat to the environment today is there not the same urgency about innovation and what can we do to ensure that the most effective paths are chosen.

And at the heart of that question is not simply a concern about technology but about justice. Is that not the meaning of the warnings of Jeremiah and Luke?

## ACTION

### What Are We Waiting for? Witnessing to Hope

National Endowment for Science, Technology and the Arts (NESTA)  
'Making Innovation Flourish'  
<http://www.nesta.org.uk>

New Economics Foundation  
<http://www.neweconomics.org>