

# **Finding an Alternative to Over-Development**

**Bob Goudzwaard**

**All of Life Redeemed**

Bristol, UK

**&**

**All of Life Redeemed - Asia**

Upper Hutt, New Zealand

Jakarta Indonesia; Singapore; Point Lonsdale Australia; Seoul South Korea; Suva Fiji; Manilla The Phillipines,

© January 2013

## **Table of Contents**

Preface - Putting First What is Given	3
Economic Theory & the Normative Aspects of Reality 1961	6
The Global Economy & Climate Change. December 1, 2006	20
Underlying Causes of the Global Economic Crisis January 20, 2009	30
Living Faithfully in a Rapidly Changing World May 12, 2011	37
Peeling the Onion November 2, 2011	45
Money, Magic, Greed & the Power of Illusions December 1, 2011	57
A Way Forward: the Financial Crisis, Climate Change & Public Justice for All December 2012	68
[Abstracts: Forthcoming 2013] Economics, Christianity & the Crisis: Kuyper's Heritage and Relevance Today	72
Reformed Christian Economics	73

## Putting First What is Given:

In this collection, Bob Goudzwaard continues to emphasize themes he has been developing by public lecture and publication for over half a century. Included with these 7 edited lectures, is his 1961 essay, "Economic Theory and the Normative Aspects of Reality". This was a contribution he made as a "young scholar of the up-and-coming generation" to the movement of Christian scholarship to which he continues to give his unstinted support. The essay was initially published in Dutch. This translation, by Dr Chris Gousmett of Upper Hutt, New Zealand, was composed and edited with Bob's co-operation. It was initially made available in 2008 from the All of Life Redeemed web-site. It is included here to draw attention to Goudzwaard's consistent effort over these decades to give due and proper respect to the *given* normative context within which we must live our lives. This emphasis is basic to his theoretical and scientific contribution over these decades.

What is published here are among Goudzwaard's most recent efforts in which he searches persistently for ways in which to address the many critical problems that beset us. His writings have increasingly addressed us as members of a global community, as stewards of an inter-national economic ordering, as citizens concerned with justice for all our neighbours. His overall development can be discerned from his writing in terms of an abiding concern to address economic and technological problems with painstaking and careful analysis of the details of what he refers to as the "inner *spiritual* crisis of western progress". This crisis, he believes, has increasingly manifest itself around our world - not solely within western societies but also in the "rest"; both "north" and "south" share deeply in this trial. Of course, he is not the only one to perceive such a "shift" in this western problematic to also include the "rest". His writings are fired by a conviction that ways will have to be found by all the world's peoples. Now, more than ever before, we must work concertedly together if we are to carve a hopeful and just path for all.

In contrast with, say, the 1970s, when Goudzwaard's English translation of **Capitalism and Progress** appeared, theoretical debate in economics is now no longer preoccupied with the consequences of alternative "diagnoses of Western society". We now see the complex "disclosure" of the West's over-development manifesting itself in world-wide terms. The much vaunted neo-liberal or "third way" socialist economic policies have failed to provide coherent solutions for the West's inner crisis. And now confront the global "integration" of economic life, an expansion unprecedented in human history. Meanwhile, the reigning political forces of the West are trapped by an undying trust in their own enlightened expertise and understanding. The lives of people everywhere, no matter how "developed" their social lives may be, are increasingly subject to the instabilities in global financial markets. But politicians seem to assume that a solution will eventually be found to enable us to overcome the "several interdependent problems ... that together [constitute] a decisive challenge to the whole of western culture" (**Capitalism and Progress** 1979 p. xiv). But can there ever be a "return" to what was previously considered as "normal"? Is it possible to find a path to the future without western peoples demanding an ongoing increase in GDP? The smug

confidence that arose from the West's technological and material progress is well and truly in retreat, but we should keep in mind that it has been so for most of the 20<sup>th</sup> century. At the same time the "several interdependent problems" are now "disclosed" in global terms that cannot be ignored. And they certainly cannot be tackled "one-at-a-time".

So, Goudzwaard writes in the belief that all of us, East and West, North and South, face a situation in which we will need to work together in ways that, hitherto, have not even been part of our wildest dreams. He asks us to consider whether we are truly developing the understanding that befits good stewards of time and resources. Or are we propping ourselves up, knowing what we know, and seeing what we see, and making our own delusions?

Let us focus, for a brief moment, upon Goudzwaard's scholarly contribution. It would not be entirely wrong to read these essays as evidence of an intellectual development from a more philosophical or theoretical approach in his earlier days to one that is concerned with making "practical" policy suggestions. Why do I say "not entirely wrong"? It is certainly possible that a younger generation of students of economics will read these writings of a professional economist with deep appreciation, but they might also miss the persistent *philosophical, historical and disciplinary* problems that Goudzwaard has had to address, and which they will also need to think through for themselves as they make their contributions to the scholarly field of economics. It should be kept in mind that Goudzwaard's writings presuppose a grounding that was decisively influenced by what he had learned from his Christian philosophical mentors, and that is why the 1961 essay has been included in this collection.

Goudzwaard was the attentive student of Johan Mekkes (1898-1987), professor of reformational philosophy at the Universities of Leiden and Rotterdam, and Herman Dooyeweerd (1894-1977). His Christian contribution to economics is certainly made in their reformational "line". His writings do not explicitly return, again and again, to the insights of Mekkes and Dooyeweerd, but this should not lead us to conclude he has somehow left the realm of "theory" in order to do battle in the sphere of "practise".

One thing that the 1961 essay illustrates is the sense of *spiritual* urgency that has long characterised Goudzwaard's economic reflections. He is convinced that to make a scientific contribution that faithfully reflects the God-given integrity of the scholarly vocation, one has to first harness one's thinking to give attention to the pre-theoretical way we humans apprehend the wholeness and unity of life. It is in that wholeness and unity that we discover our human identity. For economics, that means a critical concern for *normative* issues. It means a critical rejection of the idea that *norms* can be dealt with as mere *goals* or *plans* or *intentions*. This wholeness is to be grasped from the centre of our being. It is from there, in what the Bible identifies as our heart, that God must speak to us about the way we are to live. This, said Dooyeweerd, was the key to his own philosophical development, having grasped this searing and clarifying insight from Kuyper's biblically-driven view of "sphere sovereignty". The centre of things, that holds and can never fall apart, is where God Himself speaks to us with patience and mercy, calling us into the service made possible by His Son.

That is our life, our existence. It is in that created wholeness and unity, entirely restored for humankind in Christ Jesus after it was radically undermined and broken by our own sinful presumption, that the Creator-Redeemer's call comes to us. He showers gifts upon us so we can share them with all our neighbours. This means affirming the living and the physical world and its abundant resources which sustain life and so also sustain us.

This then is the theme, the ground-motive, the world-view, the underlying or over-arching meta-narrative, that characterises Goudzwaard's intention in his writings. It is a theme to which he returns again and again as he seeks to make each new article or lecture a fresh statement of essentially the same message. I have tried to capture this in the title to this Preface: "Putting First What is Given". Goudzwaard's economic theory is set forth with a reflexive and critical emphasis upon the way economics, as a mode of theoretical reflection, is utterly dependent upon "what is given to us". This philosophical disposition assumes that theorising can fulfill its God-given vocation by remaining true to its created characteristics and taking its place among all the other tasks to which we, the male and female image-bearers of our Creator and Redeemer, must attend to in our stewardship. Thus, it is meaningless nonsense to assume that economic theory, or any other mode of theoretical reflection, however, insightful, should be put first, ahead of what is given to us. The simple truth is that our human ability to think and experience is gifted to us before we even know how to think, before we can make any sense of our experience or form words that characterise in their own way the enriched, multi-dimensional reality which is also ours. Whatever abstractions and theoretical arguments might be about, they are always and everywhere subject to a God-given reality pressing in upon us with resources and processes we cannot avoid. The talent for thought and abstract reflection is still too easily put first by the humanistic spirituality of the West. A dogged belief in rationality as the source of human identity, or an idolatrous trust in human personality as the sovereign centre of life, persists despite all the various forms of post-modern masking.

We encounter this persistence in the ongoing aftermath of the GFC, in the confidence that sooner or later a formulae will be found to enable us to ride out the crisis. We hear it in the negotiations in the USA over the "fiscal cliff". "If only these politicians would see reason; if only they would use a bit of common sense!" But celebrity sporting stars are still expecting \$6.5m for hitting a ball with a bat in "Big Bash" cricket; £55,000 is still viewed as an "unfair and embarrassing" fee per game. We "data" such as these how can we say we are taking "crisis" seriously? With our media so fixated on such illusory demands, how can we ever hope to be part of an authentic public attempt to face the problems that trouble us? Sporting and media celebrities might well benefit from reading Goudzwaard's attempts to identify the power of such deadly illusions upon the masses and upon their own lives.

Bruce Wearne

Point Lonsdale, AUSTRALIA

15<sup>th</sup> January 2013 AD

# Economic Theory & the Normative Aspects of Reality<sup>1</sup>

From *Perspectief*: Feestbundel van de jongeren bij het vijftienvintig jarig bestaan van de Vereniging voor Calvinistisch Wijsbegeerte  
Kampen: J H Kok, 1961, pp. 310-323.<sup>2</sup>

Just like every other science, economics had to mark out its own field of investigation. Now any effort of this kind presupposes a judgement about the characteristics of the field in question; it is only in these terms that a definition of the scope of any science makes sense. Consequently, this judgement is necessary to distinguish those components which will then be viewed to lie *within* the scope of the field so defined, and those which will subsequently be viewed as *lying outside* the field. This implies, however, that contemporary economic science has not been able to establish its own field of research without also adopting a specific attitude regarding both economic and non-economic aspects of reality. The study of economics thus implicitly involves a judgement with respect to the meaning-coherence of *all* aspects of reality, which judgement is naturally of an *a priori* character.

In this essay we shall attempt to examine both components in concrete terms. What then, can be said about the orientation taken in contemporary economic science with respect to the different aspects of reality, and about the *a priori* judgement which has obviously inspired her so to do? First then, we shall attempt to establish how it has made its own judgement with respect to the non-economic aspects. And we shall primarily confine ourselves to the normative aspects of reality. Having done that, we will then consider the question of the position taken with respect to the economic aspect itself.

Our investigation of the relation of modern economic science with respect to the different aspects of reality is from the very beginning hindered by a very specific circumstance. Namely, there exists a divergence - which is not always apparent - between what economists *say they intend* to consider in economic science and what they *in fact find themselves investigating*.

In almost every modern textbook you can encounter the thesis that economics seeks to limit itself to an **aspect** of human activity, the “allocative

---

<sup>1</sup> Editor's note: The author indicated to the translator, Dr Chris Gousmett, that translation into contemporary academic English was always going to be difficult. The original essay was composed when formal Dutch (Germanic) was expected for such academic discussions. Every care has been taken to retain the original sense and intention even if the resulting syntax is, occasionally, awkward. The author with the translator, and editor/ compositor, begs the indulgence of the reader when the going gets tough. Amendments to the text are of two kinds: some footnotes read "2008 textual addition" indicating an insertion of a phrase into the text; other footnotes read "2008 footnote clarification" in which the author attempts to help latter-day readers by giving a brief explanation of the intended sense of the original. In this translated edition the footnotes appear below the text (see ftn 2 below) and original notes are indicated by bracketed numbers.

<sup>2</sup> The endnotes in the original appear on pp. 322- 323 and so translation does not refer to p. 323.

aspect of choice and behaviour.”<sup>3</sup> But, then, in contrast with this, we indeed cannot escape the distinct impression that in fact economic theory does more than that, namely by attempting to provide an over-all explanation of a distinct type of human activity or a particular form of human behaviour.

Sometimes this even seems to be what is suggested in so many words by the theory itself. It is said that since economics needs to provide insight about the *concrete* results which flow from specific activities, then it must therefore commence its explanation from the “entire system of actually existing preferential options, within which all motives thus come to a complete expression.”<sup>4</sup> But does this not imply a contradiction? When economic theory claims to explain *concrete* human activities in terms of *all* the motives that are present, can we still maintain that economists study only the economic *aspect* of human behaviour? Hence, this seems to confirm the impression that economic science, whenever it is confronted with a concrete human activity in which the economic aspect is not absent, tends to take that activity in its entirety as an object of her study. Or do appearances here deceive us?

As far as we can see, the answer of most economists to this same question confirms this. They usually remind us that it should not be overlooked, that the economic explanation of human behaviour always starts by presupposing a specific constellation of data. Economic science takes specific factors, such as human targets in market behaviour (the so-called “subjective valuations”), the existence of technology, the institutional framework of society, the condition of the natural environment, and so on, as given. That is to say: they leave the study of these factors as such to other sciences. In particular, we note the fact that economic science sees the content of the “subjective valuations” of each economic actor as a given, which valuations can for instance be expressed as a set of utility – or preference – scales. But the study of these ‘givens’, (and the question of why people have these preferences)<sup>5</sup>, belongs to psychology and – in another sense – to ethics. So it seems at first sight, that it is indeed incorrect to suppose – as we did – that modern economics tends to come to a kind of “complete”- or “total” explanation of human economic activities. One could, for instance, point to the fact that the usual economic explanation is fully abstracted from the presumed presence of all ethical aspects of each human act. For economic science surely refuses to pronounce even a single ethical valuation about the content of the preference scales or about the ends of behaviour. The psychic aspect seems to be even more absent: it is the task of psychology and not of economics to explain “why people desire to deck themselves out with diamonds” (Meyers). This orientation can also be

---

<sup>3</sup> (1) F H Knight. **Economic science in recent discussion**, p. 228. Cited by the eminent Dutch economist P Hennipman, **Economisch Motief en Economisch Principe**. Amsterdam, 1945, p. 393. Hennipman expresses his agreement with this in his comment that “the economic... is an aspect of activity... and certainly an aspect that is present in all or almost all activities.” (this comment is directly translated from the Dutch text)

<sup>4</sup> (2) P Hennipman, *op. cit.*, p. 398.

<sup>5</sup> 2008 textual addition: i.e. “(and the question of why people have these preferences)”

expressed in another way: economic theory does indeed not concern itself with human behaviour in its entirety, as such, but concerns itself with the (economic) form, with the *method* of behaviour of economic actors. Economic science, as Lionel Robbins stated, “abstracts in the sense that it leaves aside the specific goal, to which each concrete behaviour is directed, and... considers only that... which all behaviours generally have in common. It abstracts from the *content* and concentrates itself on the common *form* of the activity: the choice between alternatives, in certain relations which exist between purposes and means.”<sup>6</sup> Economic science is thus no more and no less than the “study of forms assumed by human behaviour in disposing of scarce means between alternative uses.”<sup>7</sup> Just because economic theory refuses to provide an explanation of the purposes of any human activity and also refrains from any explanation of non-economic data, it seems to have the right to pose – as most economists argue – that it indeed studies no more than one distinct *aspect* of human behaviour. “It is out of the interplay of the given system of ends on the one side and the material and technical potentialities on the other, that the aspects of behaviour which the economist studies, are determined.”<sup>8</sup> We paraphrase this in these terms: the study of economics occupies itself only with the economic aspect of human behaviour, because it considers all non-economic aspects as caught by its so-called “data circle”, the trysting-place of all that is not of an economic nature. The non-economic aspects are seen as covered by the existing data-constellation, so that only the method of choice between alternatives remains to be explained : the “purely economic”<sup>9</sup> aspect of all human conduct.

If this is a valid description of the opinion of the “average” economist – and we do not see how we can adequately address the present difficulties in the discipline without attempting to do so <sup>10</sup> – then there are some questions which must arise. What right has the economist to claim that the form, the method by which an economic choice is made, can be confined to the economic aspect? And by what right is the economist able to posit that the content of the objectives, as such and by definition, lack an economic aspect?

We encounter here an obviously neo-Kantian application of the schema of form and matter. This schema is, according to Herman Dooyeweerd, meant as a “methodical criterium”, by which a proper definition of the fields of

---

<sup>6</sup> (3) P Hennipman, *op. cit.*, p. 399 ff.

<sup>7</sup> (4) L Robbins. **An essay on the nature and significance of economic science** London 1946 p. 15. Also cited by Barbara Wootton. **Lament for economics.** London, 1938, p. 46. [English cited in the original article.]

<sup>8</sup> (5) L Robbins. *op. cit.*, p. 46.

<sup>9</sup> [Original text includes German: rein-ökonomisch]

<sup>10</sup> (6) The possibility is clearly present that the two options will be reconciled with each other: the first, that economics studies no more than a certain aspect of all economic activities, and the second, that economic theory is an explanation of concrete forms of human conduct with all motives present. These two are only reconcilable through adopting the view that economics studies the concrete forms of behaviour which do not possess more aspects than just that one. This implies that the other aspects of human activity, particularly the purposes of behaviour and the impulses of human activity, must have already found their own place in relation to the data.

research of the different “culture sciences” can be derived. Roughly said it boils down to this, that the specific viewpoint for any “science of culture “ should be established by making a distinction between the “content” and the “form” of real phenomena, in so far as this is relevant to the science in question.<sup>11</sup>

So also in economic science, the psychically-interpreted matter of the content of the human activities – for example, utilities and dis-utilities<sup>12</sup> – was placed over against the specifically logical (identical) form of economic (human) behaviour: the /313/ method of allocative choice with respect to scarce goods. It has been shown by Dooyeweerd that this manner of defining the particular field of research, across all the different sciences, always results in internal contradictions.<sup>13</sup>

These contradictions can be easily demonstrated, if in other cultural sciences (law, sociology) a similar logic is applied. In sociology – to briefly consider that science – a separation between content and form in human behaviour has also been attempted, in order to establish its specific scientific object. But in this case it carries this difference with it, namely, that the *content* of the human acts are assigned to the study of the economic aspect, whereas the actual *form* of human activities is retained for the study of the social aspect. Simmel put it in these terms: “the investigation of the feeling-drives which cause the different forms of social interaction is assigned to social psychology, that of the different aims and interests to which these social forms are serviceable is reserved to jurisprudence, economics, ethics, theology and so on.”<sup>14</sup> In principle, this approach could be followed by ethics as well: it seems quite conceivable, that this science refers to the fields of the social, the economic and of faith, in terms of the ends of human acts, in order that it occupy itself only with the consideration of the (ethical) forms of the given human impulses. Naturally, the work of such specific sciences, in such a division of labor, cannot all be carried out at the same time; we have here encountered what Dooyeweerd calls an “antinomial exclusivism”.<sup>15</sup> It is not without its humorous aspects: each science attempts to reserve for itself the study of the *form* by asserting that the other sciences have to concern themselves only with the matter (for example the content of human purposes). “The material (the content of experience)... was actually... declared epistemologically outlawed, in so far as the ‘pure Rechtslehre’ tosses this content to sociology, psychology and historical science, while ‘pure sociology’ on the other hand refers to the remaining ‘culture sciences,’

---

<sup>11</sup> (7) H Dooyeweerd. **De Wijsbegeerte der Wetsidee**. Vol. 2. Amsterdam, 1936, pp. 149 ff; **A New Critique of Theoretical Thought**, Vol. 2. Amsterdam-Philadelphia, 1955, pp. 208 - 213.

<sup>12</sup> 2008 textual addition: ie "for example, utilities and disutilities".

<sup>13</sup> (8) H Dooyeweerd, *op. cit.*, Vol. 2, Chapter 3 par 2. (WdW "De modale zin-kern der geschiedenis" pp. 139-159; **A New Critique** "The confusion caused by the application of the form-matter schema", p 208-213).

<sup>14</sup> (9) H Dooyeweerd, **A New Critique**, Vol. 2, p. 210.

<sup>15</sup> (10) H Dooyeweerd. **De Wijsbegeerte der Wetsidee**, Vol. 2, p. 150. [Cf. **New Critique of Theoretical Thought**, Vol. 2, p. 38.]

and 'pure economics,' 'pure grammar,' 'pure aesthetics,' or 'ethics' just as much could provide no sanctuary to the material of 'historical experience'."<sup>16</sup>

It follows from the above that it is impossible to define the general relationships that exist among the different "culture sciences" by means of the form-content schema. This schema leads, for example, to the situation that both the economist and the ethicist demand of each other, that the other should occupy himself only with studying the purposes or ends of human activity, while both insist that they will limit themselves to the study of the form of the activity in question. In particular we can thus conclude /314/ that obviously the content of the non-economic activities can not so easily be characterized as non-economic as economists generally think, while also the form of the activity, as such, cannot be so easily considered as "pure" economic (German: *rein-ökonomisch*). Otherwise, the other sciences would not so readily have dedicated the study of the content of the acts to economic science, and have attempted to reserve the form of human activity for their own special scientific approach.

According to this same line of reasoning, the relation between economics and ethics, as it is represented in current economic literature, comes down to a sharp division between the two, in which ethics should be content with making value-judgements concerning the (content of the) ends of each human activity. But it is noteworthy that this usual representation of the two realms has also become a subject of controversy within economic science itself. In particular we would mention Macfie's critique of this view.<sup>17</sup> Macfie opposes all those who desire to confer a merely "instrumental value" on the norm of efficiency, and therefore see the economic aspect only in relation to given purposes. He notes that we can desire efficiency as a purpose in itself. Efficiency, as he acutely observes, has in common with all other "values" that it is "at once inherently and instrumentally valuable."<sup>18</sup> Elsewhere, he considers that the question of "how much of each" is certainly characteristic for economics, but that this question is not only an economic one: "actually this question 'how much of each' is *also* a final question – it is one aspect of the ethical question." "In reality," so he argues, "the ends are never given: they merge inextricably with the process of using the means." Added to this, he remarks: "Perhaps the dominant reason for the insulation of economic life from moral and social criticism was just the acceptance of economising as a merely instrumental service, a technique which was therefore outside moral consideration. When we decide that efficiency is essentially of full-grown moral stature, we realise that it ought to sustain the full blast of moral criticism."<sup>19</sup>

---

<sup>16</sup> H Dooyeweerd, *op cit*, Vol II, page 209, follows a slightly different translation: "The material (the content of experience) assumed to be grasped in these forms of knowledge, was in fact outlawed..".

<sup>17</sup> (11) Alec Macfie. **An essay of economic value**. London, 1936. See also his **Economic efficiency and social welfare**, London, 1943.

<sup>18</sup> (12) Macfie, **Economic efficiency and social welfare**, p. 114.

<sup>19</sup> (13) Macfie, *op. cit*, pp 103, 129f. We remark, en passant, , that Macfie is following immanence philosophy in his consideration of "the ethical question" and "moral criticism", and has obviously something else in view than what the Philosophy of the Cosmonomic Idea understands by the ethical aspect.

We can also draw the conclusion from Macfie's comments, that the distinction between the ethically-neutral forms of human activity and their economically-neutral content cannot possibly be considered. From the standpoint of the Philosophy of the Cosmonomic Idea, such a distinction can indeed be named as nothing other than an impossible construction. An activity, also an activity of choice with respect to scarce goods, includes all aspects of reality: this pertains even more so for the content of the ends, as well as for the form or the method of the chosen activity. Goal and manner /315/ of activity, content and form of human behaviour, all equally exhibit every aspect of reality, just as much as the behaviour itself. It is impossible to split an activity in two in this way, so that the economic aspect finds itself in the one half, while the other aspects are left to find a place in the other half. Such constructions necessarily lead to antinomies, as we have already indicated.

It is continually emphasized in contemporary economic theory that the form or method of each act of human choice in relation to scarce goods can be identified and studied as if it has an "ethically-neutral" character. This theoretical position can only be understood against the background of the neo-Kantian distinction between *fact* and *norm*, between an (objective) reality and (subjective) values. By removing any idea pertaining to the meaning which comes from the created normative meaning-sides of reality themselves, and by suggesting that these meaning-sides refer only to "subjective" feelings about what is or should be, it became indeed theoretically possible to separate the scientific fact from the whole normative structure of reality, and to dissolve this normative structure into a conglomerate of individual preferences which, as such, has to be placed *over against* the scientific fact. In this schema the ethical norm has been ripped out of its place in the creational order, and is arbitrarily assigned to the "kingdom of values". In the prevailing trend of economic analysis this approach has indeed been uncritically adopted. The actual activity of choice – that is, in so far as the activity is viewed according to its (economic) form – lacks the ethical moment, because the ethical and other norms are as ("subjective") value-judgements only seen to be relevant with respect to the *purposes* of human activity. Their application is, as it were, limited to the field of human valuations. They have nothing to do with the act of human choice *as such*, for the method of choice stands, so to say, on its own, and is separate from them.<sup>20</sup> However, as soon as this humanistic *a priori* is dispensed with, the ethical norm will be liberated from the place arbitrarily chosen for it in the kingdom of values. Then its position as a meaning-

---

<sup>20</sup> (14) When immanence philosophy – and economic science following in this line – speaks of "ethics" or about the "ethical aspect," it means by that something entirely different from what the Philosophy of the Cosmonomic Idea has in mind. The Philosophy of the Cosmonomic Idea speaks of that in the sense of the modality of a temporal love-disposition, distinguished from the other law-spheres. Immanence philosophy reverts by speaking about the relation of the "ethical" always to its own philosophical tradition, by which "the ethical" refers to the entire field of "Practical Reason" [*Praktische Rede*]. Human "valuations", in their entire scope, have usually been seen as ethical in their very nature. In immanence philosophy the ethical aspect is straying far outside its modal "banks" and is interpreted completely subjectivistically.

defining norm is restored to distinguish scientific fact from the entire normative structure of reality and so it becomes readily apparent that the “logic of economic choice” possesses an ethical aspect from the outset. Moreover, the ethical will then no longer be limited to the purposes of any acts.

From the above discussion we can draw two conclusions. When, with respect to the form of economic acts, the existence of non-economic aspects also have to be acknowledged - as we cannot fail to do - it cannot be the task of economic science to concern itself with the forms of human activity in its totality. Economics *as such* can deal only with the *economic* aspect of the form or method of the activity. Besides that, it follows from what we have said /315/ above, that in its study of the economic aspect of human activities, economic science may not simply exclude these other aspects of these activities as if they were only, or merely, relevant for the purposes or objectives of the activity itself. For these other non-economic aspects may also be very relevant for understanding the *meaning* of the activity itself and of its distinct behavioural form.

We can further illustrate what we have outlined here by giving some attention to the economic activity of the family. The family is, according to its nature, qualified by the ethical norm; all family activities therefore stand under the leading of the ethical aspect of reality i.e. the aspect of committed love.<sup>21</sup> The same holds of course, no less, for the family's methods of choice. Therefore the study of economic choices which are made by families will remain a closed book for every economist, as long as there is a refusal to take the ethical qualification of the family into account in any analysis of its economic aspect.

Therefore it would clearly be an incorrect methodological strategy to try to establish an impenetrable barrier between the ethical and economic aspects of human activities. We can put it this way: the ethical aspect makes itself known in the economic aspect and it announces itself explicitly in the evaluation of what is economically responsible or irresponsible from the viewpoint of the family<sup>22</sup> Otherwise, it would not be possible to make such a decision. For the meaning of any human activity can never be *enclosed* within the economic aspect; the economic is only one of many aspects of an activity all the aspects of which are, as such, involved in the dynamics of the opening-up process which characterises the activity in question.<sup>23</sup> The economic aspect is thus, as such, fully embedded in the continuous process by which the individuality structures are disclosed, a continuity which,

---

<sup>21</sup> 2008 textual addition : i.e. "the aspect of committed love"

<sup>22</sup> 2008 footnote clarification: The original text uses Dooyeweerd's formulation of the meaning kernel of the economic aspect in terms of a weighing activity characterised by frugality. The formulation chosen here however is nearer to the original intent of the article

<sup>23</sup> 2008 footnote clarification: In the scheme of modalities of Dooyeweerd's 'General Theory of the Modal Law Spheres', the economic aspect does not stand on its own, but waits, as it were, for its deepening by the modal sphere of justice - does the economic act in question render to others their due?– and even, finally, by the modal spheres of love and of faith.

because of its faith dimension,<sup>24</sup> even finds completion within the duration of our earthly existence .How then will we ever be *able* to correctly explain the economic aspect of a real activity, if we seek to completely exclude the question of the *meaning* of the activity from our discussion, and are unwilling to entertain the question of whether and how the “character” of the economic problem changes again and again in conjunction with the study of the economic behaviour of differently qualified societal institutions? To decidedly separate the economic from all other aspects of reality can only be to the detriment of economic science itself because, to put it simply, the activities that are studied are themselves only approachable as given in the meaning-coherence of all aspects of reality. It is not possible to study the economic aspect of an actual activity in isolation from the other aspects of reality, because the economic aspect discloses its proper sense only in connection with these other aspects of the individuality structure of the activity itself.

/317/ In this connection, I would also offer a further comment upon the function of the concept of a "circle of general data" in economic theory. In the course of the development of the science of economics all those factors which one could expect could cause an independent alteration in the final result of economic processes - measured in market prices or market quantities<sup>25</sup> - have been elevated to the status of "data". The "circle of data" thus includes all those factors which, by definition, could create an indeterminate outcome of the course of any economic process.<sup>26</sup> By appealing to the data of this economic process, economic theory can maintain her pretension that she is able to provide “generally valid statements about the *necessary* coherence of conditions [German: *allgemeingültige Aussagen über notwendige Bedingungsbeziehungen*],”<sup>27</sup> because the role of accounting for all the uncertain, non-necessary effects is ascribed to it. As a result, the economic “system” is, however, completely isolated from the “real external world”<sup>28</sup>. Thus we are confronted with an economic worldview that is **closed**. The possible disclosure of the science of economics in any deeper, normative understanding of economic realities would signify, at least for the prevailing “positive economics”, only more uncertainty. Therefore, the economic “system”<sup>29</sup> which, according to its nature, lies completely open for disclosure in terms of the further normative aspects of reality, has been slammed shut, in order to come to a closed “*necessary* coherence of conditions [German: *notwendige Bedingungsbeziehungen*]”. Any wish for disclosure, from the standpoint of economic theory, is merely the object of individual choice, and so is

<sup>24</sup> 2008 textual addition: ie "because of its faith dimension"

<sup>25</sup> 2008 textual addition: ie "measured in market prices or market quantities".

<sup>26</sup> 2008 footnote clarification: as soon as a concrete change in one of the data takes place, the theory can predict with certainty, *ceteris paribus*, how it will finally effect the market process .The "data-circle" as it were surrounds the market by eliminating all possible insecurities in the outcome of those market processes.

<sup>27</sup> (15) W Eucken. **Die Grundlagen der National-Ökonomie** Godesberg, 1947, p. 53. Emphasis mine.

<sup>28</sup> 2008 footnote clarification: a kind of laboratory situation has been created

<sup>29</sup> 2008 footnote clarification: the economic reality as it has to be theoretically understood or “explained”

allocated to the domain of the given “subjective valuations.” In other words, the disclosure of the economic aspect of reality in the direction of other normative non-economic aspects is seen, and considered to be, a matter of the possible *content* of the human acts, which does not touch the (economic) *form* of any economic action. The economic “system” is the form of human economic activities: they are considered to maintain their relationship with the non-economic “spheres” of reality only via any possible changes in the constellation of<sup>30</sup> the economic *data*. Therefore they are, *as such*, also rendered independent and cut off from their proper meaning, which they first received by means of their *direct* disclosure towards the non-economic meaning sides of reality.

In the foregoing we have in principle already answered one of the questions we formulated in the introduction – i.e. concerning the relation of economic science to the non-economic normative aspects of reality. In summary we have seen that, after robbing these aspects of their character in terms of a normative meaning, they were classified as “data,” and in particular classified under the heading of “subjective valuations.” Here we can further add the observation that economists, especially those of a neo-classical background<sup>31</sup>, have not simply assumed these “valuations” as given, but initially introduced them in economic science by construing them in a particular way. In order to make them logically amenable to economic conclusions. /318/ In this way they were first of all brought together under a basic denominator that had been psychologised.<sup>32</sup> Economic theory – with notable exceptions – deals with all human considerations, whether these are directed to family-, state- or business-life in an almost uniform way, for instance by including them under the various categories of “marginal utility”; the law of the equalisation of marginal utilities is seen as equally valid for all kinds of economic choices, regardless of the economic subject. And so it looks as if the entire normative structure of reality is interpreted subjectivistically and hence “compressed together” in the psychic aspect; the content of the activity is interpreted as “psychological material”. Meanwhile, the non-economic normative aspects of reality initially re-appear in economic theory on the subject-side of the psychic aspect.

The question of the relation of economic science to the economic aspect itself is not to be answered separately from the foregoing considerations. In the customary rendering of the economic aspect as the “allocative aspect of choice and behaviour”, we overhear the same attitude concerning the relation between purposes and the form of the activities which previously came up for discussion. The economic problem is here reduced to the study of the “aspect” that arises because of the fact that the choice of one possible allocation of scarce goods blocks the choice of other possible uses under the given subjective preferences. As a result, the economic aspect is thus viewed in purely “instrumental” terms. At most, economic science, can explain *how*

---

<sup>30</sup> 2008 textual addition: i.e. "possible changes in the constellation of"

<sup>31</sup> 2008 textual addition: i.e. "especially those of a neo-classical background"

<sup>32</sup> 2008 footnote clarification: psychologised in the form of a framework of utilities and dis-utilities applied to all those "given" human preferences. .

something can be performed economically, but it can never explain *what* constitutes good 'economic' behaviour.

Just because economic science seeks to explain **how** something can be performed economically, should not lead us to conclude that it wants to define itself as a normative science, oriented to a normative aspect of the creation order. On the contrary, we are here inclined to emphasize that the definition of the economic aspect as the "aspect of allocation" has obviously been chosen in such a way, that it renders the normativity of the economic aspect in exclusively tautological terms. Thanks to the complete elimination of the so-called "technical principle"<sup>33</sup> from the definition of the economic principle, and the strict limitation of economic studies to the question of the use of scarce goods with respect to *various concurrent* purposes, only one situation can now be classified as "non-economic," namely that in which the economic subject through his behaviour simply "blocks" the use of scarce goods for one of more other purposes for which he also could have made *another* choice. But it is just from those concrete choices of the economic subject, that economic theory derives its 'data' - what is given according to economic theory appears from the use of the goods themselves! With that choice of analytical position the overt un-economic, or wasteful, behaviour by economic subjects is simply shut out of the analysis **by definition**. This follows from the fact that choice is unavoidable in economic life, that one allocation has to be preferred above any other, and only the subjects in question are allowed to make that judgement for themselves<sup>34</sup>, since they have given a higher value to this allocation than to others. The possibility of a non-economic allocation of goods is thereby abandoned. And any consideration of the normativity of the economic aspect is, in this way, brought down to a tautology<sup>35</sup>. And further, by making this theoretical choice, the problem of the economically-correct allocation has, as such, ceased to exist; after all economic science must limit itself to a purely "positive" explanation of how economic subjects direct their use of scarce goods in reality, without recourse to any value judgements.

Economic science, by adopting this approach, successfully eliminated the normativity of the economic aspect, but this was not achieved without significant losses. The creation order is not so easily attacked. And at this point we return to the question posed at the outset of our contribution. By adopting this narrow positive (or non-normative) explanation of economic facts, economics could not avoid developing into a kind of "totality science", in which every economic fact of human behaviour must be accounted for as subject to a general economic law. This general law requires that one or more facts (B) unavoidably follow from every preceding economic fact (A). This is the notorious "great antinomy" of Walter Eucken, as he had

---

<sup>33</sup> (16) The so-called "technical principle" demands the efficient achievement of an already chosen goal; the use itself, as it were, lies already fixed. Hennipman, op. cit., p. 239f. A sharp criticism of this elimination of the "technical principle" can be found in R W Souter "The significance of economic science in recent discussion" *Quarterly Journal of Economics*, May 1933.

<sup>34</sup> 2008 textual addition: ie "and only the subjects in question are allowed to make that judgement for themselves".

<sup>35</sup> 2008 footnote clarification: That is, economic behaviour is what economists study!

formulated it in 1947.<sup>36</sup> And it was Herman Dooyeweerd who demonstrated that this notorious "great antinomy" is a direct consequence of the claim that social science must be about the search for valid general laws and statements.<sup>37</sup> And on such a basis, it will not be possible for any so-called positive economic theory to overcome the contradiction "between the individuality of economic phenomena and the desire to discover general laws with regard to their connection," as Hennipman has also observed.<sup>38</sup> For it is only with respect to the economic **norm** that it is possible to speak of a general validity. It is simply not possible to discover generally valid laws by seeking a kind of "lawfulness" within subjective economic behaviour.

Further, there must be serious doubt as to whether positive economic theory can ever be completely successful in its effort to disconnect the normative character of the economic aspect from its theoretical reflections.<sup>39</sup> In its attempt to explain the behaviour of economic subjects, the theory relies upon, and proceeds from, definite presuppositions with respect to the content or the manner by which activities are conducted. Naturally, these premises cannot completely cover the actual activities of economic subjects, due to the existence of the "great antinomy." For, in so far as the premises

---

<sup>36</sup> Walter Eucken **Grundlagen der Nationalökonomie** Jena 1947, 2008 footnote clarification: How on earth is it possible to derive general rational laws or universally valid statements about economic choices in a historical reality which is subject to so much change and irregularity? Walter Eucken posits the following approach: "the historical character of (economic) problems asks for observation, intuition, synthesis, understanding, and sensitivity for the individual life; but the general-theoretical character of the analysis asks for rational thinking, analysis, working with abstract models. If it is here with life and there with reason how should it be possible to bring them cooperatively together?" (Author's translation from German).

<sup>37</sup> (17) H Dooyeweerd "De sociologische verhouding tussen recht en economie en het problem van het zgn. "economisch recht." In: **Opstellen aangeboden aan de hoogleraren Anema en Diepenhorst** Amsterdam 1949 p. 257.

<sup>38</sup> (18) P Hennipman, *op. cit.*, pp. 15, 445.

<sup>39</sup> The theory or doctrine of "welfare economics" is, to a certain extent, an exception to this, in that in this branch of economic science there indeed exists a conscious striving for a normative evaluation. But we should not automatically equate this with the economic norm. The norm used in "welfare economics" usually evaluates maximum economic welfare in terms of the "greatest happiness for all" principle. In the "greatest happiness" principle, we encounter, along with a strongly nominalistic element, the *idée fixe* that the prosperity of a nation at its deepest level is no more than the aggregated sum of the individual preferences of the citizens, which reasoning by the way also betrays an overall commitment to economic functionalism – and this displays the same subjectivistic-psychologicistic features which can also be found in the general theory of positive economics. In that variant which goes by the name of the "New Welfare Economics" we even encounter the same analogical separation between the purposes and the method of economic activity which we found present in current Neo-Classical theory. In relation to the production- or allocation-side of the economy, the economist is then seen as being able to give value-free, ethically-neutral economic advice, but should leave the question of how incomes are to be divided to ethicists and politicians. Also here, the ruling opinion is that it is possible to disconnect oneself as economist from "ethical" judgements by preventing economic analysis from being mixed up with questions about the purposes to which economic goods are applied.

do not cover the actual activities, they in fact function as a criterion or norm, by which the individual deviations can be measured.

/320/ We encounter an obvious example of such a rudimentary element of the economic norm in the concept of "rational choice" or "rational behaviour". In this premise a "rational," "intelligent," or "consistent" behaviour among economic subjects is presupposed. Many economists see premises like these as indispensable for the unity of economic theory<sup>40</sup>. Indeed, it should be asked what still remains of the unity of positive economic science when the assertion that activities are rational is no longer accepted as some kind of premise for all human activities.<sup>41</sup> However this may be, the thesis of rational behaviour, or rational choice, still takes a very prominent place in economic science. In our opinion, we can see this presupposition of a rational or consistent behaviour of economic subjects as the economic norm in a logicistic guise. Here the logical aspect has, as it were, taken over the function of the basic "point of reference" in economic science (the "essential unity" of Barbara Wootton<sup>42</sup>) from the economic aspect itself, whereby the logical aspect presupposes its tacit synthesis with the general basic meaning of the economic modality. This position is, of course, clearly connected with the fact that positive economic science previously brought all human purposes under a psychic basic denominator (the so-called utility-calculus). The logical norm of rationality, which in the structural order of the creational aspects follows on from the psychic aspect, now takes, as it were, the true "honours" instead of the economic norm. It is this proposition which replaces the economic norm itself, so that all human purposes are placed in an order of causes so as to make them "intelligible" for economic research.

---

<sup>40</sup> (20) As Barbara Wootton correctly stated : "For if the people do not persist in their attempt to get the most out of their limited means, then there can be no such thing as economical action, and the phenomena which the economist sets out to study would lack that essential unity which alone makes them both intelligible and conformable for the generalisations that make up this theory." *op. cit.*, p. 133.

<sup>41</sup> (21) Hennipman, *op. cit.*, in Chapter 10, examines the critical observation that the proposition that the economic activities are basically rational, or the turning of that proposition into a tautology - which practically comes down to the same thing, - and considers it to be hardly an objection. According to his view, economic theory needs to strive for a "differentiation of premises: human motivations must be read off from the real behaviours of economic subjects as accurately as possible and should in this way, as "premises of detail" be imported into economic theory. The description of activities as rational can, as such, and here and there, provide good service as such a guideline, at least when the actual activities of the economic subjects demonstrates a reasonable resemblance with this axiom. But how does Hennipman thereby find the scientific unity for his theory, and where does this "essential unity" lie, from which he can make economic phenomena "intelligible" for scientific research? Without such a unity it seems as if no science is possible. Actually, in our opinion, there remains at this point only *one* possibility: the use of statistics by an appeal to the law of large numbers. When the axiom of rational activities as a unifying factor falls away, it is only through a correlation and regression analysis that one can gain a hold of human behaviour. It is for us a question as to whether the grandiose name "economic science" should still be used for an economic theory which scarcely contains more than a set of statistically based equations which describe *average* human behaviour .

<sup>42</sup> See also footnote 40 (20) above.

With respect to positive economic science, from what has been discussed thus far, we can conclude briefly as follows:

- a) Positive Economic Theory has to give up the illusion that it is only explaining the economic aspect of activities, when in fact it is occupying itself with the explanation of the entire form (or method of choice) of human behaviour. It has either to admit, that its explanation of the forms of human behaviour has the character of a total and full explanation ("a totality-science"), or else it should be willing to deal seriously with its real task, namely with the understanding and explanation of the economic aspect of human activity. This latter means that it needs to look at both the form and the content of activities in their economic aspect.
- b) Positive economic theory shall have to break through the specific methodological wall of separation which still exists between the ethical and the economic. Surely, this /321/ absolute distinction only exists thanks to a subjectivistic interpretation of the ethical and other norms as loose criteria for the individual subjective valuation of human purposes. If this humanistic a priori is abandoned, then there appears to be an unbreakable connection between the economic and the other normative aspects of reality, so that these other aspects announce themselves in the economic.
- c) Positive economic theory is finally in need of recognising the normative disposition of the economic aspect, which the positive Neo-Classical thought could only disconnect from its theory by means of a complete tautologising of the question of economically-correct allocation, and at the cost of introducing the "great antinomy."

From the foregoing it follows, that a normative economic science must above all claim the economic norm as its only permissible "point of reference" without losing sight of the fact that the economic norm can only unfold its proper meaning in the midst of, and as it is also opened up in accordance with, the other normative aspects of reality. For the economic aspect is only one aspect of actually existing individuality structures, which also have to be disclosed to the other (normative) aspects of reality. The economic activities of a family<sup>43</sup> can, for instance, never be separated from the ethical qualification of the family structure, as the positive theory, via the detour of psychologism, has tried to achieve. Likewise, in economic activities, where the authority of the government is involved, we must bring the public-juridical qualification of the state community directly into consideration, because the special meaning of the political measures and activities is always firstly "concerned" with the general interest according to the public-

---

<sup>43</sup> (22) The economy, as such, has nothing to do with *psychical* actions and needs, but only with *economic* ones. It is therefore meaningful in the economic aspect to refer not only to needs and actions of individuals, but also to and actions of social institutions or *communal associations*. We can compare this with the question of the "juridical personality" in law. H Dooyeweerd **Dictaat Encyclopaedie der Rechtswetenschap** Vol.2 pp. 116 ff.

juridical aspect. The physical-chemical<sup>44</sup> reactions within a living plant always stand under the leading role of, and are disclosed by, the life aspect, by which the plant is qualified. We can say further that the "inner" life of a plant cannot be understood or explained without taking its qualifying function into account. In a similar way, we can say that the economic responses of the different social individuality structures (whether natural bonds or organized communities) need to be regarded as standing under the leadership of, and hence disclosed by, the aspect by which this social form or organisation is qualified. Alongside the scientific branch of business economics there is, for instance, surely an (analytical) space for a separate branch of family-economics and public economics (the economy of the state). These interstitial -sciences look even indispensable for every economic theory which would explain economic phenomena in normative-causal terms.

/322/ In a normative theory we shall also be able to again breathe new life into the concept of economic value. The psychologistic turn of the present-day concept of economic value brings insoluble problems into economic theory. Vleeschhouwer's treatise has demonstrated this in a brilliant way.<sup>45</sup> Economic value should be seen as the outcome of a normative assessment or equalisation of the various services of economic goods in a schema of saving frugality.<sup>46</sup> What is more, any concept of economic value concept must be connected with the normative structure of any social community's evaluations. However, it would be already a significant move away from the prevailing tendency in economic theory if we were willing to begin to speak in economic theory of a specific family-value of economic goods, of a specific business value and a specific public (state) value. Without such differentiations, the concept of economic value seems to be doomed to perpetual unfruitfulness.

\_\_\_\_\_ o O o \_\_\_\_\_

---

<sup>44</sup> Editor's note. Goudzwaard notes that though he initially wrote *psychical*-chemical, this was a serious slip of the pen. Only a *physical*-chemical functioning can take place within a living plant.

<sup>45</sup> (24) J E Vleeschhouwer. **Economische Rekenvormen**. 2 Vols. 's-Gravenhage 1949. Vleeschhouwer demonstrates that the chasm between psychic utilities and feelings, on the one side, and the objective-economic phenomena, on the other, is an unbridgeable one. We can compare this with the remark of Dooyeweerd, that "the different aspects of reality... cannot be subsumed under the same scientific denominator... it is scientifically meaningless to state that... economic valuations are 'caused' by feelings of pleasure or pain, for the aspect of feeling of society is fundamentally different from the jural or the economic aspect." "Grondproblemen der Sociologie". *Nieuw Nederland*, 8 April 1948. [Translation cited from H Dooyeweerd. **Roots of Western Culture**. Toronto: Wedge, 1979, pp. 212-213.] Also on the basis of the foregoing the opinion of Van Doorn in his **Axiologie en Economie**, p. 75, that characterising the meaning kernel of the economic as the weighing of values in a frugal way ( the Dutch text speaks here of "waardenafwegende besparing) is only another formulation of the second law of Gossen (the law of the levelling of marginal needs) and not a particularly fortunate designation. See A van Doorn. **Axiologie en Economie**. Franeker, 1960, p. 75.

<sup>46</sup> (25) H Dooyeweerd. **Dictaat Encyclopaedie Rechtswetenschap II**, p. 18.

# The Global Economy and Climate Change.

Lecture delivered in Leeds, UK

December 1 2006

## Six Theses<sup>47</sup>

1. The global economy is deeply influenced by the dynamic of globalisation, which is turning the globe into a platform for the launch of numerous, new, technological and market-oriented activities, world-wide in intention and effect (e.g. trans-national companies, ICT and internet, global capital). Globalisation looks like the autonomous movement of a satellite in its own orbit, 'a global awakening of mankind'.
2. The extremely dynamic character of globalisation fosters the first (a) of two possible views of our present reality:
  - i. the power perception or '*look from within*': characterised by infinitude, optimism about the elimination of barriers (including those related to climate change); the need to adapt for everyone who, or everything which tends to stay or lag 'behind'; and
  - ii. the realistic view or '*look from outside*': characterised by the awareness of finitude, and the concern that the load-bearing capacity of humans, nature and culture may be undermined. The concept of overdevelopment as a critique on the volume and pathway of the present dynamic (a six-fold human pressure on nature and environment within forty years). Related to the concern of several experts expressed in some reports (see under) and of the peoples and churches of the South.
3. The Stern Report is focused on the evil consequences of rising temperature, caused by the growing emission of greenhouse gases (GHG's). The report is courageous and realistic in its analysis and proposals, (e.g. the carbon tax) but is still mainly orientated to a dynamic or dynamistic view, built around the need for a continual rise of GDP and honouring the growth aspirations of also the richest countries.
4. The UN *Millennium Ecological Assessment Report* is broader: highlighting three major problems (the dire state of many fish stocks, the extreme vulnerability of two billion people living in dry regions, and the growing threat to ecosystems from climate change and pollution). It is therefore more open to the second approach (cf. the title of the statement of the board: *Living Beyond Our Means*). Starts from a creational view (the services of nature to mankind). Very good in its warnings, but not far-reaching in its concrete proposals, and not very critical about the role of the growing volume of GDP per capita in rich countries. Will it, for instance, be possible to save in the future no less than 90% of the use of energy for each unit of production (1: 10 proposals of von Weiszäcker, Wuppertal Institute)?
5. The possible role of Modernity as cultural and spiritual background to the dynamistic view of reality, and also to the main trends in the present process of Globalization. Characteristics: individualism and a mechanistic world-and life view, channelled into the faith or ideology of self-made progress as the meaning of life, leading to over-emphasis on both the forces (economy, technology) and the institutions (market) of human dynamic progress, which can even appear as 'saviours' or 'idols'. The proof of the presence of such a possible illusion: the rise of economic or societal paradoxes.
6. The relevance of a creational view of reality, more related to the Way to be followed than to any kind of goal-obsession. The alternative of a blossoming economy. The need for (also) regional and national dialogues between all responsible actors or agents.

---

<sup>47</sup> These "Six Theses" were handed out and available to the gathering while the lecture was delivered.

What we have heard from Sir John Houghton is at the same time: crystal clear, alarming, but also moving. I use the word 'moving' here to express that his analysis and recommendations brings us from the deepest level of our Christian faith to a willingness and courage to move, personally as well as socially. Serious developments as they are - we might call them signals - do not belong to some other world than the one in which we are all called by our Creator to be good servants and stewards. This is the same world in which we adore Him with our hymns and our prayers. After all, the Bible is more attuned to reality than we are. The prophets spoke regularly about ecological disasters and related them to human misbehaviour. But that seems also to be the case in the New Testament. May I give one example?

In the last book of the Bible, the Apocalypse, several natural plagues and disasters are mentioned, like the pollution of rivers and the plague of locusts and the devastation of the soil, and such scenarios are often accompanied by the judgement that the people are not and were not willing to repent. But the standard commentaries to those texts usually point to repentance in only a spiritual and supernatural sense. But is it not more probable that those plagues or disasters have their roots or causes in forms of concrete human misbehaviour? Perhaps we should reconsider these texts as written mainly for times like our own. They ask from all people a willingness to repent in very ordinary, everyday ways, that is in the way we respond in the midst of changing patterns of use and of sharing, not forgetting our patterns of production and consumption. This view confirms in any case that we should not see the last book of the Bible, the Apocalypse, as a fatalistic revelation as if history is a closed book. This revelation keeps open the possibility for change and conversion, also for a change of human economic and political styles and attitudes.

From this background, I wish now to discuss a series of seven theses.

**1. *The first thesis*** starts with what is happening now in our global economy. The world-economy is deeply influenced by a dynamic process, the process of globalisation, which seemingly manifests itself everywhere. One way of viewing this process is to say that it is turning the globe into a kind of platform from which numerous, new, technological and market-oriented activities are launched; activities which are world-wide in both their intention and their effect. Let me put this another way. Only a half century ago, almost all international actions and movements started first from the national or regional scene and finally reached the level of international coalitions or institutions. Think of Red Cross International or the United Nations. But nowadays a huge amount of economic and technological activities just start at a global level. We therefore are right to speak of trans-national corporations instead of only national or multinational corporations. Further, we speak about global capital, capital encircling the globe in its search for the highest and quickest returns and that usually means that short-term demands have priority for the profitability of this kind of capital. Trans-national corporations no longer have a deep loyalty to any one nation; they belong to the globe, and the same is true for global capital. Only recently TIME WEEKLY spoke of a 'global awakening of mankind', and they were quite right to do so. It is as if a new layer has been added to our earthly

life. Globalisation looks therefore most like the autonomous movement around the globe of a new satellite which stays in its own orbit. It is influencing almost every one on earth, but it can be influenced or changed in its present course only with very great difficulty. And most national governments have become very anxious about the dynamics of global capital, the capital flows, and what these might do to their societies and economies. They are often reducing their taxes on capital and capital-movements, just out of fear of what this new Big Brother might do with them and their economies - and it is as if it has a life of its own.

**2.** This brings me to *my second thesis*, about the way we look at all these exceptionally dynamic events. And we will see that this also includes, or at least touches, our way of looking at issues and items like sustainability and climate change. Our views of these matters is, no doubt, coloured by the way we look at the process of globalisation.

a. The first possible perspective I would like to call the *look or view from within*. The image I use for this is as follows: just imagine that you are travelling in a very high speed train, in which everything looks quite stable. If you then look outside through the windows, you will perceive everything located there as remaining behind, as moving backwards from where you are moving forwards; the movement is rapid for objects which are near to your train's path, and slower for what is near the horizon.

I use this metaphor to make clear what happens to our view of what is normal when we identify ourselves with these dynamic processes. When we - that is you or me or to speak collectively, our society - identify ourselves with our position in a dynamic reality, then we commit ourselves to look at what is not moving as rapidly as ourselves as merely remaining behind, and to some extent as abnormal. From such a world-view dynamic movement is normal and remains normal. It is perceived to overcome all limits and thus is believed to have an infinite potential. Take this view about the current pattern of globalisation and think about the way people, politicians in particular, view our reality in terms of this dynamism. They speak of it as something from which there is simply no escape. It is the context in which we just have to live and to conduct our lives. And so, of course, with this perspective of ourselves and the dynamics of our life, we will have to see other more traditional countries as countries which are lagging behind. And we will also tend to look at poor people as those who stay back there at an earlier point of our dynamic life-path. The poor, the disadvantaged, the disabled all have the smell of some kind of abnormality because they are simply not moving as we are in this dynamic reality.

But at the same time, this view, which I will call the dynamistic view, has also an optimistic dimension. For dynamic progress is, in this view, always with us, technologically, economically and scientifically. And that progress will always enable us to overcome all possible limits as only so many barriers which we either remove or just have to take and build into our own concept of development. What lags behind or tends to lag behind has in fact only one moral obligation, to adapt to what is dynamically normal in our ongoing progress to a better future.

b. The second view, or way of looking, is the *view from outside*. Just imagine again our high speed train, but now having your own position in the open air, only meters away from this vehicle. What will be our first impression? Yes, of course, we will notice how fast it goes; it passes in just one moment of time. Perhaps you will look, if you can still see it, to some spot just ahead of the train, to see if it is travelling safely, not threatening some children who are trying to cross the track. The major characteristics of the *view from outside* are not about infinite possibilities brought into our life by this dynamic forward movement or about how ever more boundaries are overcome in an instant. Instead, this view includes the awareness that this dynamistic movement brings with it the possibility of an interruption to its momentum later on, if not a sudden disaster when it careers off the tracks.

Again, if we transpose this metaphor to describe what is occurring with the processes of globalisation, think of people living in the South who are incessantly confronted with new demands to raise their exports or to invite short term foreign capital to take up some opportunity. They have to ask themselves: will not this type of dynamics demolish our own culture and history?

But perhaps, we only have to think here of our deep vulnerability as human beings, and reflect upon the vulnerability of many ecosystems and of the limited load-bearing capacity of the earth. For if the train of production, consumption, energy use, agricultural mass cultivation forges ahead so relentlessly and with such momentum, what can and will remain, what can survive by just staying as it is when 'normal' perception views such lack of dynamic movement as lagging behind?

In a special 1994 edition of *FUTURES*, Walter H Corson described some of the global changes that had occurred between 1950 and 1990. In "Changing Course: An Outline of Strategies for a Sustainable Future" (26:2, 206-223) he noted that in this time the world's population had doubled, the use of energy had risen by a factor of 5, and the world's industrial output had grown by a factor of 7. Combined with the growth of the world population in the same years he calculated a roughly six-fold increase in the impact of the human activity level on the global South. Can the world survive if this process of multiplication goes on for the next forty years? Will it? Most experts now simply say "No" and I am happy to join them.

But I like to emphasize here as well the deep concerns of the people of the South and of the churches of the South. Let me just quote some parts of a declaration, written in Bangkok in 1999, in the heat of the Asian Crisis, by the delegates of the churches of the South to the churches and the societies of the North. They wrote:

Is there not in the western view of human beings and society a delusion, which always looks to the future and wants to improve it, even when it implies an increase of suffering in your own societies and in the South? Have you not forgotten the richness which is related to sufficiency? If, according to Ephesians 1, God is preparing in human history to bring everyone and everything under the lordship of Jesus Christ, his shepherd-king – God's own globalization! – shouldn't caring for and

sharing with each other be the main characteristic of our lifestyle, instead of giving fully in to the secular trend of a growing consumerism?

Let us take another look from the outside at our societies, and at ourselves, as Christians: how should we deal with this? Can we afford to take an attitude in which we simply hide away by viewing reality in the first view, the view from inside which, we should admit, is much more common to us, and simply endorse the dynamistic view? I doubt that very much, not only for moral reasons but also because of the concrete factual development that such a choice must embrace.

So now let us briefly consider two contemporary reports of some significance, the Stern Report and the Millennium Ecological Assessment Report of the UN. How do they stand in relation to this dilemma; can we characterise their respective approaches as either the first or the second view?

**3. The third thesis** relates to what the *Stern Report* brings to our notice, namely the evil or sinister consequences of the rise in temperature, caused by the growing emission of greenhouse gases (GHG's). Every type of growth of human production and consumption has an energy use component, but most energy use implies the emission of greenhouse gases, as has already been eloquently explained by Sir John Houghton. The Stern report insists very clearly on the urgent need to cut back the level of those emissions and in precise terms of the use of fossil energy per product. I think that the report is courageous and realistic in its analysis and proposals (like the installation of a so-called carbon tax). But at the same time it strikes me, that no question is raised, for instance, about the increasing volume of industrial production in especially the richer countries. I quote:

Tackling Climate Change is the pro-growth strategy for the longer term. And it can be done in a way that does not cap the aspirations for growth of rich or poor countries.

It is an important observation. Of course, I can read this statement in this way, that if all efforts are made economically and politically to improve the so-called carbon-efficiency as well as the energy efficiency per product, then a long-term stabilisation of the global temperature is possible without interfering in any way with either the world's population growth or its industrial growth. But that is what we have to read into that statement. What makes the undisturbed continuation of the industrial growth in rich countries so important, so essential, that those aspirations may never be discussed? For, after all, it is growth of industrial production per capita in the rich countries which is one main source of the growth of greenhouse-emissions. Is the Stern Report not at least partially led by the first view, the dynamistic view from within? It seems as if the report is looking primarily to technological advances and to new market- or taxing- devices, just to ensure that we rich countries can continue on our path of economic growth over the long term.

**4. The fourth thesis** derives from the UN Millennium Ecological Assessment Report which is, in my view, not only a deeper, but also a broader report. It gives us a fourth perspective. This comes already to the fore in the title "Living beyond our means". That sounds indeed like the second view, the

view from the outside! The Report also starts with the remark that, at the heart of its assessment, is a stark warning. I quote:

Human activity is putting such strain on the natural functions of the earth that the ability of the planet's ecosystem to sustain future generations can no longer be taken for granted....Human activities have taken the planet to the edge of a mass wave of species extinctions.

Three major problems are indicated: the dire state of many fish stocks; the extreme vulnerability of two billion people living in dry regions; and the growing threat to ecosystems from climate change and pollution. The report also starts from what we could call a creational view: it speaks about the services or functions of nature for mankind which must be preserved and maintained. What also strikes me, but I am open to be convinced otherwise, is that the Report is not really critical about, for instance, the exponential material growth in the Western world, and also not far-reaching in its concrete proposals in regard to this important matter. It seems that there is an element of hesitation in the Report. It reminded me of the recent discussion among technological experts, for instance in the Wuppertal Institute in Germany, as to whether in the future, instead of a 25% reduction of energy use per industrial product, a reduction of 90% could be reached. Experts seem tempted always to lean towards further-reaching technological or market-solutions, rather than consider any solution requiring the limitation or restraint of the pattern of economic output itself. But what could be behind their hesitations? Or, to put it differently, what turns the desirability of a continued material economic growth in rich countries into an ultimate necessity, putting a kind of taboo on every form of lower economic growth?

I hope that you now feel with me that this question compels us to discuss the real, deeper background of the first dynamistic view, the view from within. For that view has obviously become almost self-evident in the West for most politicians and citizens.

**5. The fifth thesis** seeks to trace the roots of our own Western culture. This is not easy; it may even be a painful experience. But sometimes we have to do the difficult thing, and face up to the fact that what appears as self-evident in our view of humankind and the world we inhabit, is rooted in deep faiths, beliefs that derive from past civilizations.

Here, for a brief moment, I want to reflect upon the modern world and what we mean when we speak about, say, a modern economy. After all, do we not speak about globalisation as a facet of a concerted effort to bring the blessings of ongoing modernisation to *less modern* societies. That term *modernisation* is also a term that implies a dynamic process. The origins of this way of speaking and thinking go back before the 18<sup>th</sup> Enlightenment to the 15<sup>th</sup> and 16<sup>th</sup> centuries, when men and women in what we call "the west" were plagued by a wide range of deep insecurities. Just imagine that you do not know to which state you belong, because of the many political struggles being fought in that time. Or reflect upon the possibility that you might not know what to believe, since both Roman Catholicism and the various branches of Protestantism were claiming their own view of final truth. Or, perhaps even more startling, that you have heard of scientists referring to

studies by Copernicus. They begin to tell you that your senses are betraying you when you assume that what you see with your own eyes is what is really happening. You see the sun coming up in the morning and going down at evening, but the sun does not move around the earth. Rather the earth and other planets are in orbit around the sun. What are you to think? What are you to believe? Who can you trust? It was in that very deep insecurity that modernity appears.

For thinkers like Descartes came forward and write that there is indeed one thing which you can still trust and believe: you think and therefore there is no doubt about it, you exist. He was followed by Hobbes, who looks at the striking developments of the natural sciences in finding and formulating unconditional, natural laws, and so begins to look for parallels in the structuration of human societies, built on the gravitational forces of attraction and repulsion. It is the birth of a new, mechanistic and even individualistic view of human societies. But it also carries with it an element of deep hope, which will eventually come to the fore in the Enlightenment. For there, indeed, we find the firm belief or faith that it is possible to structure within every human society a dynamic path of eternal progress which inevitably leads to a better future. Such a path can be found simply by trusting the feed-back mechanisms that we make from out of our own rational capacity. Humans invent the democratic mechanism and the market-mechanism, and progress is achieved by following the paths of the relentless ongoing efforts of science and technology.

**6. The Sixth thesis** involves us in asking some penetrating questions about our perceptions of reality. Could we be deluding ourselves?

For instance, is it really true that progress is the essence of human reality as seems to be implied when we adopt the first dynamistic view from within the processes of globalisation? Is it that our own progress is the true kernel that confirms this dynamistic development? And is it progress that what we actually see from within globalisation itself? Or have we transposed our expectations about reality upon our experience of it? This line of questioning might well prompt us to seriously wonder whether we are deluding ourselves and living in a world prone to self-delusion. So is there no other way to verify the prevalent view that globalisation is simply a matter of progress? Is following the path mapped out for us by science and technology the only way to check our perceptions of what is really going on?

Now if the present dynamistic process of globalisation has indeed the kind of historical roots we have identified, then these roots are by no means unrelated to our perceptions and may even have something to do with our taken-for-granted convictions about how the world is subject to this globalising dynamic. But we must indeed look for greater certainty for the thesis that with globalisation we are involved in widespread self-delusion. It has very wide implications. For indeed, if it be true that the dominant view of how the major current world problems are to be solved is indeed influenced by our tendency to look at these problems from inside the dynamistic presumption to the outside, coloured by the presuppositions of Western modernity, then we can no longer exclude the possibility that some kind of

general delusion is present and indeed taking place. This delusion is even capable of blinding us, wholly or partly, misleading and even paralysing us.

For here indeed we enter the realm of what comes before or goes beyond pure scientific reflection. The existence of such deep spiritual roots that reach back into previous civilisations, could well imply to us that the solutions for which we are looking, also in speaking about climate change, will fail if they do not take this spiritual component into account. Perhaps then, we will see that in all this an element of repentance is required of us and from the very beginning.

Let us be clear: it is not by accident, that the second way of viewing the dynamism, the view from outside, starts from what is given to us and which needs to be preserved. This contrasts from a view from the inside of something we have made ourselves and produced with our own hands. The view from the outside, it should be emphasized, is not by accident. It is intrinsically creational. For only by allowing what is given to us by our Creator to be placed first, and therefore in need of our respect and care, can we begin to relativize the works of our own hands. Only then can we free ourselves from being dominated by what we have put together by our ingenuity. And only then will we be in any position to start to question the dynamics of progress. That progress is, for so many secularized people in the West, the holy shrine of our entire existence and civilisation. However, it is not so for the churches of the South.

The last time I spoke here in Leeds, for WYSOCS, I referred to the persistence of some economic and/or societal paradoxes that are manifest in our modern society. Indeed, they form the core of what I take to be the proof that some kind of illusion, or delusion, is present in our modern western mind. This delusion results, in practice, to a growing number of unsolved problems. I will not repeat here what I have said before, but restrict myself to two general remarks.

Firstly, that there is clear evidence of such significant paradoxes in our modern societies which, to a considerable degree, accompany the present processes unleashed by globalisation. I mention here the paradox of growing poverty in the world and particularly in the richest societies; there is a trend of diminishing care for people, even while and where there is more material resources for welfare provision than ever before; there is now growing scarcity whereas previous predictions had confidently assumed less scarcity; there is now increasing haste when earlier we had expected to live more leisurely lives if only we kept to the rational path.

Paradoxes like these do not grow by themselves. And that is the second of the general remark I would make. They are all rooted in the tension between the dynamic and the less-dynamic part of human society, the part to which also nature, time, human care and most of our world-wide cultures belong. These components or categories are all usually seen as staying back in the past, or in some way lagging behind in productivity or efficiency. But if we try, with that same logic, to heal or to cure the lack of dynamism of what is less dynamic with more dynamics - whether of money, economic growth or technology - then we may find we have hardened them in their own limitations and run into insurmountable problems. We cannot produce more

time, more space, more environment, in any industrial way. Most modern poverty is, for instance, the poverty of those who cannot satisfy the demands of our extremely dynamic society. It is the main reason for those who fall behind in the no-growth areas of inner-city ghettos.

And when Africa falls behind, as a continent, the reason is that it is simply not capable of reaching the levels of increased exports and expansion which the "west" presumes is 'normal' in this time of rapid globalisation. Indeed, the paradoxes teach us that all of us, as western citizens, are probably caught up in a kind of dynamistic *universum* to a much greater degree than we would ever like to suppose. It is from out of this that we look at the world, and so we can even become irritated that the earth does not offer us more, does not sustain us better, does not cooperate more fully with our self-important efforts to find solutions in our own dynamic ways.

Said somewhat differently, it is obvious that we, in the modern West, have a deep orientation, bordering on an obsession, to preserve our ever-growing material welfare. And so that also includes our national security, what we think we have to protect in order to safeguard ourselves among the peoples of the world. The absolutization of these goals seems to be the main reason we have lost, to a considerable extent, our freedom to relativise the material means we need to achieve these goals. And that, in my view, elevates the progress of material production and consumption by ascribing a sanctity to it that should be reserved for what is sacred. These means have become, in our secularized society, the new saviours. They demand free rein and will not tolerate any hindrances along their path. For it is along their unrestricted paths that our happiness, our future, our health will come. However, they are means, which have been elevated as absolutised goals, and thus they tend to blind our eyes and narrow our thinking. But what they usually create is obedient followers rather than critical observers.

Let me ask: is not this the deepest crisis of our time? Is not our problem our instinct to bow before the means by which we secure our future progress? Have we not deliberately ascribed dominion to them? Is not that the deepest reason that, in the process of globalisation, the world of money and money-creation, centred in highly dynamic financial markets, assumes dominance over almost each and every economy? We become enslaved to what we think will make us free – is not that the deepest paradox of all?

**7. The seventh thesis** addresses this question: What then should we do? Let me conclude with some thoughts about this extremely serious question:

a) What comes to mind straight away is the need to challenge those current world-and life-views which do not start from a respect for what is given us by the good Lord to care for and to preserve, and that also includes future generations. Instead these ruling world-and-life-views almost always begin with inflated pride about what we have done and what we can do and what we are about to achieve if, for instance, we just ensure greater economic growth or receive more money. This way of thinking and acting has to change, and change radically, and in politics especially.

There is a special task here for Christians, and for Christian churches. For we, God willing and with our own compliance can in our way of life lay bare

the deep roots of our present illusions. We can break through the lie. We are headed to Shalom and that means more material consumption will not lead us to more happiness. The opposite is true. But the more we continue on our present path of unlimited material expansion, the more we are in need to rob the earth, to overburden our vulnerable ecosystems, and the more we have to engage ourselves in a rat-race to obtain the last meagre reserves of energy that this world can supply, even if the price by making war and fighting in remote areas.

Is it so impossible to teach young children and adults that to persistently strive for more and more is nothing but a lie? Can the hidden enslavement to things be exposed? It is possible. Slavery can be exposed and overcome. Emancipation is possible. But this means that Christians should remember to teach their children and join together to tell the politicians, that the meaning of life, whether for a person or a community, never consists in the kind of life orientation that requires an absolute surrender to the attainment of goals. Real life is always deeply Way-oriented; it is a matter of walking in the commandments of love, justice, peace and stewardship. Just as Jesus once led the way, and kept the way even through his death and resurrection; in all that he suffered, he maintained his unconditional love for God and the utmost care for his disciples. Also for us there is in fact no other way.

b) My second remark is that there is real hope. It may even come to the fore when we venture to take our very first steps, for instance that courage which would accept a general kind of ceiling for any further material advancement in the west. But hope will shine even more brightly if, because of the seriousness of our time, such self-denial accompanies a growing awareness that

1. we need to invest more to preserve our vulnerable natural capital;
2. that we have to share, really share, with the poorest countries, and
3. that employers, as well as employees, begin to realize that setting our sights on ever higher profits and wages has become a *fata morgana* for us. When that realization hits home, then it is possible to envision an economic restructuration not unlike the war economy which Britain adopted in the 1940's. But now it would be oriented to the development of a thriving orchard of blossoming economies in the whole wide world.

Let us not give in to fears that simply assume more poverty and less employment. I am convinced that measures like these can actually strengthen our economies and create more meaningful employment than the strongest economic growth is ever able to do.

For, however strange it may sound, there is strong relief to be unleashed in an economic power that has the will to share and to restrain itself. Such an orientation opens up possibilities for finding trade-offs, in particular with the nations of the South, which at this time is almost completely out of sight. To put it in other terms, an economy of self-restraint is not far from the Kingdom of God, the Kingdom as this reality was already explained by our caring and sharing King-Shepherd, the Lord Jesus. That Kingdom will one day become a full reality when He returns and require all nations to provide a comprehensive account for their deeds, their economic stewardship.

# Underlying Causes of the Global Economic Crisis

This talk was delivered at A day conference organized by Churches Together in Britain and Ireland on **The Economic Crisis, Towards Sustainable Economies and Livelihoods**, Tuesday 20<sup>th</sup> January 2009, located at [www.ctbi.org.uk/pdf\\_view.php?id=38](http://www.ctbi.org.uk/pdf_view.php?id=38). Below is a 13/11/12 edited version.

In speaking about the present crisis, we have, in my view, to deal firstly with a somewhat peculiar, but nevertheless almost general, public impression. That is the widespread assumption that the present financial and economic crisis will be a relatively short one, so that, after one or two painful years, we can again pick up our normal patterns of economic behaviour, going back again to "business as usual". For me, and perhaps also for you, that looks very improbable. Not only the size and the impact of the present crisis is severe, but it is indeed a crisis which creeps through the entire economy: banks were first, automobile manufacturing followed with the building sector plunging soon afterwards. So, now there are signs of firms closing and loss of jobs coming to us from the remote corners of our countries. But next to that this crisis seems also to make its incursions into the deepest recesses of the human mind. Most business-people, politicians, and well educated citizens thought that until this summer we had already learnt enough from the crisis of the thirties to prevent something like this ever happening again. Somehow or somewhere a toolkit would always be available to bring our economy rapidly back to its main track, especially in times of an impending recession. But the toolkit now looks more and more empty. It looks as if the huge amounts of money which were given by the governments to the banks evaporated then and there; they were absorbed by them without actually stopping the credit crunch. This is not only painful but also very disturbing. For this public financial bleeding also implies that most western governments now lack the necessary budgetary means to come to the rescue of our staggering *real* economies. The fear of an impending deep and extensive economic depression grows, and that is a mighty blow for our self-esteem. That our high speed economic train could be hampered - and could even come in various places to a complete standstill - well that was almost the last thing that we had expected.

All this brings us to the inevitable question: why? This is to probe the underlying causes of what has happened. Many bankers and financial experts have declared that this crisis could not have been predicted. So, what made this crisis so unpredictable, as if it were a fate that simply had to descend upon us? For, if that were the case, then it can sooner or later come over us again, and with even heavier consequences. That is the deep insecurity of our time, and it seems to some extent to mark an decisive break in our history. In other words, there no longer exists something like "business as usual". It looks as if a kind of watershed has occurred, which implies that the future could be remarkably different from times we have known.

The search for the deeper underlying causes brings us, however, to levels which are usually not discussed or if they are not effectively. These are levels of our responsibility (and ir-responsibility) that are even evaded by most analysts. These levels or layers are related to the mysterious field of persistent but false expectations with their sudden fears and panics. They also have to do with a lot of very different spiritual and ideological roots of human actions, which may be mingled with elements of illusion, a fundamental short-sightedness and even forms of collective hypnosis. And that is certainly not a type of analysis that we easily welcome.

But churches, and here we are taking part in an event of living churches, should be expected to be open to also these possible underlying causes and layers. They should not try to evade them. This is because it can not only help us to understand our society and ourselves somewhat better, and in a refreshingly self-critical way, but also and even mainly because we may expect that some kind of a link exists between a good and fair diagnosis on the one side and a possible therapy on the other.

A good analysis may also lead to possible ways out. Its effect perhaps goes even further. At the deepest level of such an analysis a correlation may become evident between the acknowledgement of the existence of public guilt or evil and the possibility of collective healing and redemption. Healing, redemption, reconciliation: these are words, as Desmond Tutu taught us, which should not be reserved for the sphere of personal faith. They need also to have their decisive impact upon our political and economic life and must do so before we can ever expect true and lasting solutions.

Let us therefore now try to take the path of searching for these deeper underlying roots and causes. And let us start with looking at the onset of the *financial* crisis, because it has been that crisis which formed the trigger for our deepening economic crisis. Was that financial crisis only a crisis in the financial system, or was it and is it also a crisis of the system, as [Susan George](#) recently stated? And if so, how could such a crisis have developed? What were its cultural, structural or even spiritual underlying causes?

The relationship between our modern society and the role and creation of money has always been somewhat intriguing. We probably all know that in the past the coining of money was almost always done by public authorities. The image of the lord or *seigneur* of the country was stamped upon a piece of gold or silver, and that action turned that piece of metal into generally accepted money, legal tender. But then fiduciary money came, and its coming implied that increasingly general private banks could take over a substantial part of the role of money creation, namely by issuing credit money or debt money. And so, to make a long story very short, it became possible for private parts of the process of money-creation to effectively explode and that is what has happened in the last ten to fifteen years. That process was mainly driven by the perspective of possibly enormous gains and short term profits, and found expression in banks then giving lucrative credits to each other and to so called hedge funds or private-equity funds. The statistics about the accelerated total growth of debt-money in recent years have not been officially published; in the US they are seen as necessarily secret, which is already a portent to us, a sign on the wall that

says much. But recent estimates go in the direction of an annual growth of credit-money in the last ten years being, on average, a growth-rate four times the growth of the so called "real" economy. Most of that newly created money ended up developing so-called derivatives, and the speculation on these "investments" that followed thereafter. The term "derivative" stands for all kinds of new financial "goods" like credit- or loan-swaps and various packets or slices of mortgages. Money itself has obviously become something you can buy and sell just as you can any other good, and it has thereby become a tradable commodity. So the financial assets could indeed grow by a multiple of the growth of the real economy. Herman Daly, the well known American economist, calculated recently that the amount of paper exchanging for paper is now *20 times* greater than exchanges of paper for real commodities. An enormous balloon of collective speculation has grown up and it burst. Trust is lost, and the real economy is now also fully threatened.

It is almost generally acknowledged that this entire process has been fed by the enormous driving power of the lust for money. The weekly journal *Time*, in September 2008, the month of the deep fall of Wall Street, carried on its cover the words "*the price of greed*" and that not only referred to the cost incurred for private or collective speculators, but also for previously very trustworthy banks. Banks which, on the one hand, could create enormous amounts of money but also, on the other hand, took part fully in the speculation process to earn their money back with big surpluses.

But is it only greed? We now come to a deeper level. Money and magic have always had something to do with each other. Already in Goethe's *Faust* that connection is made clear: Dr Faust is tempted by Mephistoteles to use the magic of printed money to expand his power in an infinite way. And that temptation was not merely a result of a speculative imagination! For Goethe, was himself once minister of Finance in Weimar, and knew that printed money - as we now know about electronic money - always suggests to the human mind some kind of economic value. It is therefore a mighty powerful magical instrument that claims to help us obtain more wealth and luxury for ourselves. And devilish seduction had Dr. Faust completely in its grasp.

So, the question arises: did not our modern economies give into a very similar temptation, with this crisis as the result? The answer must be, I think, in the affirmative. For money is more than just a facilitating medium. It is able to build structures (like new financial markets) and institutions (like derivatives) around itself. It has indeed now grown into a separate and even crucial domain of our modern society. The empire of Money is capable of sending people, firms and markets on their way in perpetual motion. It has by its utmost modern character also become the most important dynamic structure within our modern societies.

Just consider with me the facts. Financial markets have been able in recent years take over the controls of a substantial part of our real economies. These markets, with hedge funds as their drivers, could simply order firms or other concerns to reorient their entire behaviour towards a higher level of short term financial profitability, and even to merge or to split if the financial results were only a little bit below what was preferred. Even

politicians (as was declared only a few years ago the president of the German Federal Bank with deep satisfaction - see Helmut Tietmeyer *Le Monde Diplomatique* March 1996), and their governments have now been brought under the control of the financial markets. And indeed, a lot of countries, especially in the South, have learnt to live in constant fear for what huge money flows can do with their economies. The possibility of a sudden break down of their economies, because of capital flight leaving overnight, is sometimes called the new Big Brother syndrome.

I think that all this should ring alarm bells for us. Here we meet the signs of what the Scriptures describe as the kind of fear which is connected with the service of alien gods. Money itself is a serviceable instrument to facilitate transactions in our real economy. That is what it is in principle, and so it should be. But we should not forget that money is not a part of God's own good creation. It didn't appear on trees like fruit for harvest. It is created by man, and it can therefore easily grow into an awful tyrant, especially if it is seen and accepted by us as a kind of master. For as soon as money-flows are seen as a decisive guide for all economies, it takes a position in the driver's seat. That is how George Soros describes this awful power. From there, it starts to manifest some threats and, in the end, can fundamentally betray all its servants or experts. The essence of idolatry is always a combination of an exalted self-centred expectation mixed up with fear. On the one side, the adoration of money tends to narrow the usual perception of reality, as if the law of self-made magnificent financial dynamics is the only, or the ultimate rule. But, on the other side, a delegation of power and influence inevitably also takes place. The new god is allowed to take the lead and can thus force even an entire society into patterns of obedience. In this line of thought, financial markets get the control over the real economy. Even now, some financial experts insist that we have to put our trust in the full come-back of the financial markets themselves, for only they can and will save our real economies. But their claims sound increasingly hollow. The general public has become aware that banks were given full financial priority in receiving government assistance to bring on a recovery, rather than meeting the needs of the suffering house-owners or proprietors of threatened smaller firms. For banks were obviously seen as the cornerstone of our entire modern economies. But did that kind of support actually prevent our present economic crisis? No, most banks are now just hoarding these enormous amounts of financial support to increase their own capital base.

Obviously, this idol of an acquisitive financial culture is now staggering blindly around, as idols usually do sooner or later, and we can also observe the signs of deep betrayal. The deepest underlying cause of our present financial crisis looks to me like the sudden betrayal of a self-made god. This betrayal also has its good side: for it has now become highly improbable that the same unconditional trust will be once more given to such a deeply untrustworthy guide. Money needs to be our servant, not our master.

But what about the condition and the future our real economy? Is it enough just to swear off that alien god? Will that bring about an immediate full restoration of our real economies and thus bring an end to the present economic crisis? I don't think so. The persistence of our current

economic crisis shows that it also has its own endemic roots. So, let us try to probe these deeper underlying *structural* causes.

Perhaps you may permit me to start with a metaphor. As a Dutchman I think of the cyclist. Usually everything goes well with riding your bicycle as long as you have enough speed. But as soon as your speed becomes too slow, you just fall from your bike. Well, almost the same is true for our modern market-oriented economies with their enormous technology and efficiency drives. That constant drive, which year after year has led to an almost constant increase of our average labour-productivity, has brought many good things to us, there is no doubt about that. But that forward thrust, ever pushing forward, also its down sides. These immediately come to the fore if the growth of our expenditure slows down; if, in other words, the demand side of our economies begin to shrink, as they are now. For let us say that the productive potential in our society, the capacity to supply goods, expands each year by at least 2% or 3%, because of the annual increase of our average labour-productivity. As soon as the annual growth of our annual expenditure, our effective demand, drops to less than 3%, we effectively fall from our economic bike, and have to confront a growth in unemployment. And that, in fact, is a very strange situation. For it implies that we are obviously enforced, doomed if you like, to a substantial annual growth in our consumption levels - just to keep our economy in motion! It is as if we can still hear President Eisenhower when he spoke his famous words at the moment that the American economy was slowing down: "It is a duty of every American to consume". A duty to consume! This is already by itself an adverse expression, but now, more than ever, it sounds stranger and less fitting. For let me just remind you that according to most scientists we, in the West, are living in a situation of over-consumption, of material over-development. We are all gradually becoming aware that the constant high-level of growth of our material production and consumption may indeed threaten the future of "mother nature" and perhaps also of our own children and grandchildren. For the present expansion of production in the world increases about sevenfold every forty years, while the corresponding use of fossil energy grows fivefold in the same period (This is confirmed in the study of Walter H Corson in a special 1994 edition of *FUTURES*, "Changing Course: An Outline of Strategies for a Sustainable Future" 26:2, 206-223). But that is simply too high to be compensated for by technological improvements in, for instance, energy saving. These improvements cannot and will not prevent a growing scarcity of natural resources, and you do not have to be a strategic analyst to realize that there will be much military tension concerned with their access, nor an environmental biologist to anticipate the ongoing decline of living species.

But what then are we to do? It looks as if we have now entered into a deadlock. On the basis of our growing productivity, given the social interest to maintain a level of enough employment for everyone, there exists in our societies a structural need for an ongoing annual economic growth of several percentage points per year which, if based on an annual productivity growth of let us say 3.5 % per year, implies that each twenty years our levels of production and consumption will double. But that is simply devastating for our environment, for poorer countries, and for the preservation of peace in

the still resource-rich regions. Are we therefore structurally doomed to strive for infinite material economic growth, and to return in this time of recession to that path as soon as possible?

No, of course not! But I hope that you will agree with me, that on the basis of what we have just discussed, no real change seems possible without severe, as well as structural consequences. But there is also another side. Perhaps it is this *kairos*, this very moment of a deep financial and economic crisis which also gives us, however painful it may be, the opportunity to reflect upon those consequences and also to start to implement some structural changes. Because I do hope that the churches of the West and their members are willing to take a lead in this discussion.

I would like to begin this final section of my presentation with a very special quotation. It is taken from a public letter, written in Bangkok in 1999 on an ecumenical conference by the Asian churches in the heat of the so-called Asian Crisis. It is a letter addressed to the churches of the North. It runs like this:

Next to the pain and suffering here in the South, there are the threats in the North. We heard about poverty, coming back in even your richest societies; we received reports about environmental destruction also in your midst, and about alienation, loneliness and the abuse of women and children. And all that, while most of your churches are losing members. And we asked ourselves: is most of that not also related to being rich and desiring to become richer than most of you already are? Is there not in the western view of human beings and society a delusion, which always looks to the future and wants to improve it, even when it implies an increase of suffering in your own societies and in the South? Have you not forgotten the richness which is related to sufficiency? If, according to Ephesians 1, God is preparing in human history to bring everyone and everything under the lordship of Jesus Christ, his shepherd-king – God's own globalization! – shouldn't caring (for nature) and sharing with each other be the main characteristic of our lifestyle, instead of giving fully in to the secular trend of a growing consumerism?

At first sight it seems odd to refer to this text. For it appears to deal far more with the Asian perception of our modern Western reality than with dilemmas within that reality itself. But is that entirely true? "The delusion to always improve our own future", is that not, for instance, the drive behind the ongoing rise of our primarily market-oriented labour-productivity? And is that drive not also the source that we look compelled to have, in order to maintain an always ongoing substantial material economic growth, and which now presents so many hurdles blocking our escape from our present crisis? This is not the time and place to work out concrete solutions. But perhaps I may offer two short reflections about a possible alternative way of thinking about our present financial and economic misery.

Firstly we need to be aware that there is no inherent need in the development of human technology, as if it should always be primarily oriented to the increase of productivity and efficiency as seen and valued by the market-place. Many and very heavy financial and commercial interests these days bind our technological possibilities and channel them firstly and almost entirely into directly-profitable purposes. Technology needs to be

liberated before it is able to serve us primarily, not only in the care of nature and in the saving of energy, but also in the increase of the quality of work in labour-situations and in the adaptation to the technological needs of poorer nations. This is a transformation which could also provide us with a lot of new, *meaningful* employment! But the price of such a liberation is also a cultural price. And that price is in fact indicated in the last quoted sentence of the letter of the churches of the South. We have then to fight against the ongoing trend of a growing materialism and consumerism. This is especially true for where it leads again and again in our societies to those hardened demands for an ever-rising disposable consumption-income level for ourselves and others: higher wages, profits, bonuses all included. For only if that process stops can an economic trade-off become possible between the too high potential growth of our consumption on the one side, and the kind of collective savings on the other side - whether legally enforced forced or made voluntarily - which would then be destined to increase our investments for the preservation of life and humanity, in quantity as well as in quality.

Lord Keynes, just before the Second World War, said very similar things in his brochure "*How to pay for the War*". He was aware of the necessity that to fight for peace would imply a deep reorientation of the British economy, and so he made several proposals – like "forced savings" - to reach that goal in his main argument:

In war we move back from the age of plenty to the age of scarcity.

Indeed, also now that an age of plenty is ending, while also now, in this new age of scarcities, a "war" has to be fought for the preservation of nature and justice in this world. And that inevitably asks for a less stressful and more sustainable type of economic ordering than that which we now find around us.

Secondly, it is very remarkable to see how the word "sufficiency" in this letter is combined with another word, "richness". It is wonderful to see that in the view of the churches of the South, "sufficiency" is not primarily related to misery and sacrifices, but far more to the joy of saturation, or bliss.

This relates indeed immediately to what we could describe as the new educational task of churches. Our happiness no longer increases by a prolonged further expansion of our material consumption and what we harvest in financial profits. Several statistics, like the index of social and economic welfare (ISEW) prove this. What our society needs most therefore, especially in this time of crisis, is the perspective of SHALOM combined with relief. If the bicycle no longer helps us we can also choose a more pleasant walk. In any case we cannot and should not accept that we are driven by our present financial and economic system to always produce and consume more. For such a drive stands over and against our mandate to take care for people, to strive for peace and to take heed of God's creation. In the fulfilment of that mandate there is, in my view, also a hidden promise. It is the promise of a more meaningful employment for our children and, for nature, the promise of a lesser degree of global warming as is now widely predicted by those who have looked into it.

\_\_\_\_\_ o O o \_\_\_\_\_

# **Living faithfully in a rapidly changing world**

Citizens for Public Justice, Canada, address May 11, 2011.

The acronym "CPJ" always rings a bell for me. It somehow gives me a warm feeling. It is with intense appreciation that I welcome its engagement for those who are poor, and for its concern for the environment. This has been shown now for many years, and all the while without putting yours and my self-interest first! For isn't that perhaps the heart of each and every Christian social and political commitment? Is it not about justice and not just us, as my dear friend Gerald Vandezande so aptly titled his challenging book.

You and I, however, not been able to meet or see each other for several years! And that brings me on this night to talk about some important recent changes in the world. There are also some very disturbing developments. As committed Christians we all appreciate how urgent it is to deal with what is now happening in the world. And that, from a united Christian point of view, is also true for you here in Canada. What are we to think, for instance, about the economic crisis as it impacts us here and now? What about the changes we identify with globalisation? What are we to think about the "Arab Spring" revolts in so many Middle Eastern countries? Is there perhaps some link between all these massive developments?

But fair enough. I should make it too complex by starting off too quickly in too many directions at once. Let me suggest to first ask ourselves which important changes are taking place within the world-wide process we call globalisation. Then we might be able to more easily add some of the other developments to the picture and identify how they have an inter-dependent impact upon each other.

The term "Globalisation" refers to a dynamic process and it is not a static phenomenon. It is, so to put it, a process in perpetual motion, a development that is constantly on the move. And that confronts us all tonight with the puzzling question of Globalisation's direction. Where, currently, is it headed? Is it merely a breeze or is it a hurricane? Is it going in a direction which we, in terms of a Christian world-view, can also applaud?

If we restrict ourselves to developments since the turn of the millennium, that is since 2000, I think that it may be possible to describe the most relevant changes in brief terms by reference to five key characteristics.

The first that I would discuss with you, is the role of newly emerging powers. The second, is the phenomenal growth of new world-wide scarcities. The third, is captured by the recent remarkable events we know as the "Arab Spring", a significant political awakening which collides to some a significant extent with the process of globalisation itself. Fourthly, there is the role of a worldwide growing indebtedness and finally and fifthly, the ever-growing dominant role of money in our societies.

I would suggest we surely have enough material to draw some general conclusions, which I hope are inspired in a seamless way with a truly Christian sense of hope and faith.

## **1. Emerging powers**

The recent emergence of new global markets and with those new economic powers no doubt signals a most important change to our world-economy. Think of China, India and Brazil; some also add Russia because of its huge natural resources. Together these are the so-called BRIC countries. Their power is on the rise, while the economic and financial dominance of other powers, the US and Europe, is significantly reduced.

This process by which powers rise and fall, emerge and decline is one that must interest us. It reminds us of the apocalyptic account of the changing landscape for imperial powers in the book of Daniel. Our entire concept of a so-called "third world" is now shattered by this new pattern of emergence and decline. No longer can China and Zimbabwe be placed in the same category. The "third world", if we still want to use the term, is now more suitable for those living in impoverished circumstances, many of whom are to be found in almost every country across the globe, the richest ones in particular.

Globalisation has many features. But one feature - that of a more equitable distribution of income and wealth - is in fact entirely missing from its impact. According to latest statistics world poverty is once more on the rise.

## **2. Bilateralism and Growing Scarcities**

A second characteristic change in the processes of Globalisation is far less known, but not less important. It is a rise in two-sided (bilateral) relations between countries. This has arisen as a response to a recent increase in worldwide scarcities. Of course, we have all heard about the growing deficits in available resources, the way in which the usable part of the natural environment has shrunk and how there are shortages in the energy sector. On the one side, this has been caused by a rapid growth in world demand because of the world's population growth and the rise in per capita consumption, most noticeably in the BRIC countries. But on the other side there is also a substantial lagging behind with what needs to be supplied. Peak oil is, of course, a prominent example of this. But there is now also a rapid and growing divergence between the demand and supply in the food sector. New shortages are regularly reported along with sharply rising prices. Food supply is an example of how supply is lagging behind. Think of how climate change has an impact: Northern Africa has become dryer and can no longer produce the amount of food it used to produce.

Now of course when this becomes known by a growing number of countries, they will naturally try to secure their future needs by the supply of food or corn. It is a process that just goes across the entire globe.

Lester Brown of the Earth Policy Institute in New York recently provided some interesting examples of this trend: the Philippines, a large rice importer, has negotiated a three-year deal with Vietnam; a delegation from Yemen travelled to Australia for a long-term wheat contract; and Egypt has recently reached a long-term agreement with Russia for the import of more than three million tonnes of wheat each year.

What does all this mean? Two things. Firstly we can say that across the entire globe there is now indeed a growing anticipation of the way in which the availability of food and fossil-based energy supplies are going to be limited. And we don't have to think too hard about the consequences for peaceful relations between countries; just think of the growing tensions between Canada, Russia and the USA about oil under the North Pole.

Scarcity-conflicts and deals between nations are now substantially growing, and it is almost certain that the poorest countries will end up as the biggest losers in the future.

Further, we can see from this trend of increasing bilateralism that national self-interest has found a new way of pushing itself to the fore. The underlying message, especially among developed and newly developing countries, is this: in no way will we ever accept any constraint in our vital interests, especially not the interest to secure for ourselves a high degree of economic growth. For us, that goal is sacrosanct.

### **3. *The Revolt in Arab Countries***

Perhaps, hearing all this, you are wondering about those popular uprisings in Egypt, Syria, Yemen, Libya, mass movements demanding political change. These are surely important, but are they also part of the changes we identify with globalisation? Well, yes, to a considerable extent they certainly are! Did you for instance not observe that especially young people are now involved in these protests, and that they all communicate via SMS, via chatrooms and websites on the internet? These protests would not have become as widespread as they have without the global dispersion of technology developed in the west.

But what will these young people choose? They shout "Allah Akhbar", but will they also choose for democracy? An even more intriguing question is this: if this uprising continues to grow and develop an anti-western sentiment, will it also become a fierce opponent of globalisation?

Three wars have already been fought in the Muslim world by western powers to safeguard our future energy-supply: the first Gulf war, the Iraq war and now the Libyan war. Will the young Arab generation continue their support for the west, as Saudi Arabia does, or will they now follow another, more critical line? And what will then be the consequence for the energy supplies and the energy prices in the West? Even the Canadian tar sands could then become a very tempting asset in the coming worldwide conflicts about energy.

### **4. *Growing Indebtedness***

A fourth change that we encounter in relation to the more modern characteristics of Globalisation is growing indebtedness. This is especially the case for and also within rich nations. Since 1980 an enormous rise of consumption has, for instance, taken place in the United States of America. But that enormous rise was not achieved by a corresponding rise of wages. No. It was facilitated by an explosion in credit.

Household debt rose from \$680 billion in 1974 to \$14 trillion in 2008. On average, the American family has, at this moment, no fewer than 13 credit

cards. \$14 trillion is also the amount of the enormous public debt of the US government. How long can this continue? Christian Hedges in his book The Empire of Illusion: the End of Literacy and the Triumph of Spectacle (2009) draws the only possible conclusion, I quote:

America seeks to perpetuate prosperity by borrowing trillions of dollars, which it (however) can never repay (p.143).

This kind of money-oriented enrichment can, of course, not continue indefinitely. And not unrelated to this, poverty in the US is also growing rapidly. There are now more than 36 million Americans who have to cope daily with hunger, and that is a rise of 3 million since 2000.

### **5. The Lordship of Money**

I just used the term "money oriented enrichment", and that brings me to my fifth and last characteristic of changes we experience within Globalisation. It is the growing lordship of money in our economies.

The creation of money should, of course, serve the real economy. But it now looks as though it is the other way around: the real economy of goods and services have become more and more dependent upon the whims and volatilities of money and money markets.

A critical analysis of global economies over the last five years leads us, I believe, to the inevitable conclusion that it is now money in the form of huge financial markets which sit upon the throne in the global empire, and from there exercises its lordship over the real economy.

In Free Fall: America, Free Markets and the Sinking of the World Economy (2010), Joseph Stiglitz explains how, in recent years, the large banks have so easily taken the lead in injecting an enormous amount of speculative money into the economy, and thereby brought on the financial and economic crisis that is still with us. It was their greed which, to a significant extent, brought it on. Remarkably, these large banks were also the first to be saved by their governments! And now, so to say, they have been brought back to their throne, and once again try to regain their dominion over the real economy. For instance we can see this via the policies of hedge-funds which infringe directly upon the control and management of several industrial corporations, purely and simply on the basis of loans given to them by the major banks.

Let us now, in brief terms, summarize our findings. Remarkably, the five changes which I have outlined are all about the ups and downs of dynamic economic growth. Growth is the heart of the emergence of new economic powers, but can continued growth be maintained? This is a matter of deep concern for the richest nations in particular, and this has led to a growth in bilateral policies with military interventions as required. Growth is moreover paralleled with a severe increase of indebtedness and also has led to an approach to economic management in which the leading societal role has been delegated to money and banks. These changes can be distinguished from each other but of course they have a lot to do with each other.

And here we enter, as it were, another level of analysis, a level that has to consider changing *cultural* patterns and attitudes. Two common major characteristics I would like to distinguish. Perhaps if we bring them together

we can come to a deeper understanding of what is now taking place before our eyes.

### **First common characteristic : globalisation hardens**

Firstly, it is difficult to deny that globalisation, as it now appears, has begun to *harden*. At first it seemed to hold out a prospect of fluid development. But now it, more and more, it takes on the characteristics of an enormous power struggle. In this context, the poorest groups and countries are very easily pushed aside.

But what is behind this hardening in almost all international relations ?

I think that the major factor here is fear, and this is especially the case from the side of the richest nations. There is the threat to their dominance posed by the rise of new power-blocks in the world. These not only challenge their power in terms of international political power and trading influence, but they also succeed in reducing domestic employment in wealthy countries.

Next to that, the rich countries also seem to be on the losing side when it comes to access to future scarce resources. No wonder then that fear begins to take hold. And it is fear that surely contributes to an overall hardening. Think about the fear that is generated when doubt is raised about the continuation of a high standard of living based upon the continuation of a high economic growth rate. This goal is so essential for richer countries that they are indeed willing to fight for it and to use all means in order to advance their national self-interest.

### **Second common characteristic: the growing power of illusion**

But there is not only a rise in fear based upon the threat to national self-interest and the possibility that long-held assumptions about the "good life" are going to be severely challenged. There is a second element, the growing significance of *illusions*.

And illusions can take on a greater and greater significance, especially when of fear and insecurity reach deeply into people's lives. For illusions allow people and nations to believe that what they desire is right, irrespective of what reality may be saying to them.

In The Empire of Illusion, Chris Hedges has defended the thesis that the distinction between illusion and reality has become increasingly blurred in our time. We live in a culture of entertainment by illusions about which, as he emphasizes, we should be very concerned. For a culture that can no longer distinguish between reality and illusion dies. But even more interesting for us in this discussion is his conclusion:

The cultural retreat into illusion is a form of magical thinking. It turns worthless mortgages and debt into wealth. It turns ... destruction ... into an opportunity for growth (p. 190).

Magical thinking? Could it be that we see magic playing a growing role in our time? Remember Doctor Faust who was depicted in Goethe's great drama as having sold his soul to the devil, just to be able to rule the world via.. via .. the power of self-created money?

Money is indeed a strange and we can see how it can function as an almost magical item. Money represents value, but only so far as we collectively believe in it. It can indeed create the illusion of continued progress and power over others.

And it was indeed that illusion which played a most crucial role in the outbreak of the recent global financial crisis. The banks and the speculators simply believed in the endless growth which was made possible by money.

Monetary greed and illusion; illusion and growing indebtedness. These then are very closely related. Debts form the illusory path along which we can perpetuate our desires, even if it is in fact a perpetuation of what is no longer possible! Our desires will prevail right up until the moment that money breaks down having confronted a harsh and unyielding reality.

But the illusion of a cultural base of endless money creation, still exists, especially in the USA. China is still willing to buy USA treasury bonds and debt-papers, but for how long? It is not just our imaginations that tell us that sooner or later the US dollar may plunge in value and then go further, and further down. Remember how Germany, after the first world war also suffered rampant inflation, followed by complete state bankruptcy.

### **Hardening illusions - hand in hand?**

Having tried to sketch these two cultural trends - a continuous hardening of international relations and the growth of illusions - we need to consider the real risk, and it is a very serious risk indeed, that these two trends will from now on develop together, walking hand in hand into the future. The two trends which I mentioned can therefore maintain their impact while actually strengthening each other right up until that moment when we experience an abrupt and massive collapse. The main problem of our time seems therefore not to be its lack of idealism, but its lack of realism born of a failure to rightly understand our own history as stewards of God's world. We not only need a serious outlook but one which is mature and responsible.

But what is a truly Christian view and response for times like these? That, of course, is the most important question which we now find before us. Are we now not confronted with a new inevitable course, set out before us, a fate which comes closer and closer, as unavoidably night follows day, also over our much beloved nation, Canada?

### **The last dimension**

To consider that question with the seriousness it deserves, we have to add another dimension to our picture. It is the almost forgotten dimension of religion, faith and ideology.

At first sight it may almost seem as if religion has nothing to do with all these trends or common characteristics. But nothing could be further from the truth.

Do you think that the power of illusion, just like the power of magic, simply stand on its own, in its own power? Of course it doesn't.

And do you think that that the unlimited pursuit of one's own material happiness is just a neutral attitude? Of course it is not.

But I also hope that you will see with me that views, goals and attitudes formulated in this way begin to look like goals and attitudes of last resort. And they may therefore be seen as obvious expressions of living ideologies. To continue to live by illusions has also always meant narrowing one's views in order to obey the ruling idols. Did not John Kenneth Galbraith already say this several years ago?

A rising standard of living has become an article of faith in western societies.

Winning the whole world while losing one's own soul now looks like a crucial message which is not only valid for persons, but also for nations, particularly those on the brink of losing their power and leadership .

Let me put it in another way. A deep relationship seems now to have emerged between an increased hardening of policies and what René Girard, the French Christian philosopher has called a growing worldwide hurricane of desire. This hurricane, which can take you alive, is one from which there is almost no possibility of escape. Somehow western society has already succumbed in the grip of its self-chosen gods, which, if we do not wake up will simply feed us further with more illusions and bring us to the madness of an all out fight in order to maintain our lifestyle at all costs and by all possible means. Self-chosen gods will however depart, as idols always do, at the precise moment when we are most vulnerable. They cannot save us!

That, no doubt, is a tough diagnosis, which carries with it a difficult message. But do you think that it is just as hard as the common belief, that there is no longer any way out of the present impasse, and that the world is now inevitably nearing its own abyss? No, of course not.

So, please, let us attend to the message of hope in this hard message that gives us perspective on where we are. Indeed, illusions can take us into captivity and idols can leave us at the most critical moment. But of course we can also decide to leave them and say goodbye to them, and break through the power of the deeply unrealistic illusions they have left with us. We can remain childish, but also become culturally, economically and religiously mature!

There is no fate working here. But I have to add that this insight of true hope can only be expressed and maintained if the richest nations, and that includes us, somehow come to our senses. Are we up to seeing and confessing that all these alarming developments are generated from and find their deepest motivation in a false religious source and way of life.

As I have noted already, René Girard compares our present global situation to a hurricane of desire and greed, a violent weather pattern extending across the globe, catching all nations in its turbulence. But each hurricane, he suggests, also has a centre, a centre of silence. What is this centre? Two significant terms he used to describe it.

Firstly there is *love*, for in real love the goods that are transacted between us as persons and nations, the inter-esse which so easily lead us to envy one another, simply fall away. Love makes room for what the other needs, and this then leads to sharing.

His second word is: *following*. That is a deeply religious word, related to the Gospel of Jesus Christ. But it is used by him in contrast with the lust to endless imitation of other persons and nations in their quest for always more material wealth.

The willingness to follow sets us free from those desires. Indeed, also nations can make place for other nation's basic needs, instead of engaging in endless imitation and rivalry. In Psalm 2 the rulers of the nations are summoned to bend to the Lordship of the Messiah and follow His rules of justice, and stewardship *for their own good*. That comports with what Girard says here. The obedience to the Son of God has sooner or later to replace the endless imitation which is implicit in the hurricane of desire and greed.

To be captivated by illusions is indeed an extremely risky state of affairs. But we should never forget that illusions are never as strong as reality itself. God is the Lord of reality and He is still present in it. The Gospel of John, chapter 16, gives us a strong picture of this presence. It is in the court of human history that the Holy Spirit is continually at work, testing and judging the nations and civilisations. There is up until today an element of judgment present in world history, a moment of judging aggressors and oppressors. Judgment is not far away from nations which fulfil their lust by oppressing others, in serving money as their god and violating God's own creation.

But happily there is also another side, a side that is opposite to all that. Philip Potter, the previous secretary of the World Council of Churches put it in these terms: God's own globalisation. The biblical reference is to what Paul once wrote to the church of Ephesus about God's administration of the times [the Greek word for administration [DIAKONIA] is a derivative of the word for economy [OIKONOMIA] Our living God is still active to prepare the world for the coming of his Messiah-King. It will be a Shepherd-king who will stand at the end of world history. But we all know that a Shepherd does not rule according to the rule of the survival of the fittest. He rules according to the rule of the survival of the weak.

It is now that we have to live out of that future, as Dietrich Bonhoeffer insisted. Already now we have to share our bread with the hungry, and to abstain from the bitter fight to reserve the world for ourselves. Money should not be allowed to guide us and to govern us, for only Jesus has the right to rule over our lives. So my final conclusion is this: that In Him and in His pastoral rule of the world the nation of Canada can also still find its realistic and hopeful escape.

\_\_\_\_\_ o 0 o \_\_\_\_\_

# Peeling the Onion

Geneva Lecture, Queens University, Kingston, ONT Canada  
on November 2, 2011.

Are you sometimes struck by the enormous complexities of modern life? We may live in a time of economic crisis, but then it is only experts it seems who have a clear opinion about what that crisis is. We also live in a time of other huge global problems, like climate change, poverty, massive migration, and outbursts of violence, and again we are struck by how complex it all is. This is not least because such problems like these are usually interconnected. The present economic crisis affects not just ourselves, but also and even to a greater extent, the poorer countries of the world. Climate change causes more floods in Asia and reduces harvests in North Africa and in this way makes its own impact upon global poverty. And then, rising poverty, in its turn, is often a source of increased migration and this then becomes a cause of increasing violence.

If problems aggravate each other in this way then by us merely becoming aware of them our feelings of powerlessness and hopelessness may increase. And they can, moreover, 'convince' us, so to speak, of the irrelevance of the Christian faith. The instinctive reaction may be that Christian faith may still be valuable for one's own private life, but it is obviously of no use for solving complex and interrelated global problems. It seems that there are two entirely different worlds, side by side; the world of today and the world of faith.

But is that really true? Is that the right way to view things?

Let me begin with a personal confession. It has become my growing conviction as a student and as an academician, that the deeper you dig into present problems, - somehow peeling them carefully like you might peel an onion; layer after layer, skin after skin - then the significance of Christian faith reveals itself more and more. And I'm not thinking in terms of some kind of *superdonum addditum*, an extra gift of grace as theologians call it. Rather, I am thinking of Christian faith as potentially providing a key to solve today's most urgent problems.

But let me not run too fast! Let us just begin with the outside 'peel' (skin) of the onion, with the external features of the present global problems. I will restrict myself to what I see as the most important global problems today: the world economic crisis, the persistent growth of worldwide poverty, the globe's environmental degradation. My method is this: first, I will try to discover, with you, the main characteristics of each of these problems. Next, I will make an effort to identify what they have in common, especially in terms of the way in which these problems are usually dealt with. This will unavoidably bring us to a deeper layer of these various and different global problems, namely their common cultural roots. Only when these roots are in view can we begin to unpeel to the deepest core of the 'global onion', which is the level of ultimate meaning, of faith or ideology. And connected with that level, we may then, perhaps, detect the relevance of the hopeful perspective of Christian faith.

## 1. **The Economic and Financial Crisis**

The first global problem to examine is our current *economic and financial crisis*. What are its main characteristics, and why does that crisis persist?

Noble Prize winner Joseph Stiglitz can surely help us understand its main causes. In his recent book, Free Fall: America, Free Markets and the Sinking of the World Economy (2010), he brings to our attention the fact that in the years before the onset of the crisis both the politicians and most Western economists had a very optimistic, even too optimistic, view of the economy and of the possibilities of future growth. This view led most banks to adopt very easy-going policies in money-lending, and that meant that policy became driven by speculation, which then, as Stiglitz explains, was mainly driven by their greed for greater and greater returns.

Indeed, since 2003, trillions of dollars have been created by these banks, four times more than what the real economy needed to maintain growth. These loans or debts, public and private, still hang as a huge cloud over all of us, and hamper any economic recovery wherever it might take off. Our economy has thus become an economy of growing debts and indebtedness, both in the private and in the public sphere. For example, household debt in the US has risen twenty-fold in the last twenty five years. The average American family has, at this moment, no fewer than 13 credit cards.

So continuing and rising indebtedness, both in the US and in Europe (think of Greece and Italy) is still a major characteristic of the ongoing crisis.

But strangely enough: pumping more money into the economy is still viewed as the best available remedy to overcome the crisis. It stimulates the economy again, just like repeated doses of penicillin can bring back colour on the cheeks of a sick patient. But will it really help in the long run? Of course not.

This approach resembles the saga of Baron von Munchhausen who, according to the story, tried to pull himself out of the swamp by yanking his own hair upwards.

Another recent book, written by George Akerlof and Robert Shiller, Animal Spirits: How Human Psychology Drives the Economy, and Why it Matters for Global Capitalism (2010) seems to give us a somewhat different diagnosis of the causes of our present crisis. These authors see so called “animal spirits” as playing the dominant role. The term “animal spirits” comes from Lord Keynes. And it refers to those irrational factors or non-economic motives that heavily influence people in their decision-making. The authors mention as examples: an unlimited confidence in what markets can do; the illusion of money; and several forms of bad faith. These kinds of instincts, they argue, caused people to seriously believe that, for instance, house prices would always go up, and it heightened their faith in the possibility that they would get richer and richer.

Akerlof and Shiller conclude that their theory of animal spirits answers the conundrum of “why most of us utterly failed to foresee the economic crisis”. A somewhat different interpretation indeed. But the similarity is of course

that also they underline the fact that the idea of an unlimited progress can bring people to decisions which later on wreck great harm to the economy.

## 2. **The Problem of Poverty**

Let us now look briefly at a second major worldwide problem, *the problem of poverty*. In the previous century elaborate plans were developed to end global poverty; 1970 was the start of the UN decade for eradicating worldwide poverty. Later on, in the year 2000, the UN Millennium Development Goals, were formulated and solemnly signed by a huge number of political leaders world-wide. They included a solemn promise to free people from extreme poverty and multiple deprivation. But official international statistics show now clearly that the gap between rich and poor in the world still exists and is even widening. Lester Brown of the Earth Policy Institute in New York wrote recently in his so called Plan B4.0: Mobilizing to Save Civilization:

One of the UN millennium Development Goals is to reduce hunger and malnutrition.. But instead of continuing to decline, the number of hungry started to edge upward, reaching 915 million at the end of 2008. It then jumped over to 1 billion in 2009.

And Lester Brown predicts that by 2015 there will be 1.2 billion poor people. This rise is due, among other things, to population growth, which leads to a rise of food prices , and so makes food less attainable for poor people. But food becomes also more costly because grain is also used for bio-energy projects and there is also a rising demand for food in the already rich western countries. The millennium goals are now increasingly beyond the horizon, out of reach. And is it not painful to observe, that our own so obviously materialistic lifestyles can contribute to more hunger in the South!

Perhaps even more strange is the fact that poverty is rising even in the midst of the world's most wealthy societies. One in eight children in the US experience hunger. There are now more than 36 million Americans who cope daily with a lack of food, and that is a rise of 3 million since 2000. This paradoxical process of worsening poverty in the midst of rising wealth in the US has occurred almost unabated over the last three decades, and that was also when the Democratic Party was in power.

And what does this suggest? Does it not lead to the suspicion that perhaps enrichment and impoverishment might not only go hand in hand, but even stand in some kind of causal relationship to each other. For does not wealth not include the power to shift burdens to others? So does that not suggest that in national and global terms burdens are being shifted to poor regions of the world, to poorer countries, to the poorer people in our midst?

## 3. **Global Environmental Degradation**

Some thoughts now about our third problem, which is *global environmental degradation*. It was not until the 1960s that this problem was even recognized, but since then it has received growing attention. Now the problematics of climate change are increasingly recognized. There have been several excellent reports recently, like the British Stern Review on the Economics of Climate Change (2006) the Annual Reports of the UN Intergovernmental Panel on Climate Change have shocked many people of good will, including a substantial number of politicians, because of what

they forecast concerning the severe long-term consequences of climate change.

These include the eradication of many species of plants and animals, the continuing death of coral reefs, the decline of harvests in arid areas, more floods because of rising sea levels, more hurricanes and more besides. Strong recommendations usually form part of all these reports, with a heavy emphasis upon the need for a more efficient use of energy and for further technological innovations.

That the world must be saved from coming ecological disasters was already officially declared in the Earth Charter in 2000 in the Peace Palace in the Hague. But has this persistent call been heard? Alas, the latest statistics of the United Nations Environmental Programme (UNEP) indicates that no real turnabout has been achieved. In recent years the decline of the species has even seemed to accelerate.

### **Some Similarities**

I have discussed three worldwide problems briefly with you. I will be first to acknowledge that given the seriousness of our situation my discussion may simply be too brief. But I hope it is just enough to help you notice some similarities from the offered diagnoses of these problems and about the manner in which they are usually treated.

Firstly, I trust that you have noticed, that each of these three problems has mobilized a lot of international attention, and in a manner that is often repetitive. Again and again the most clever minds become mobilized to study these changing, deepening problems, whether the problem be economic planning and finance, poverty, or climate change and environmental degradation.

Along with that, there is a growing number of plans and statements that have been issued. They are often accompanied with sharp delineated time lines as with 2010 (the MDGs), 2012 (for the Kyoto protocol), 2015 and 2020 (for most European targets). Before we get to these dates, it is asserted, solutions must be found and implemented. But so far there has been no real success. Is that because most of the leaders who made these promises are no longer in power? [The Canadian Conservative Party even promised in its last election manifesto to solve the ecological problems of Canada by 2067. This, of course, will seem like it is bluffing because, by that time those who have made this promise will surely be dead].

But more remarkable is the fact, that as soon plans like these turn out to be unsuccessful, then almost automatically even more hopeful new ones emerge, with new data attached to them. And this is equally true for the solution of the economic crisis, the poverty problem, and the environmental crisis. It has, so to speak, become embedded in our political life as a recurring trend. People like more promises, but the risk of course is that they will gradually lose all trust in them.

Secondly, what should strike us even more is the huge contrast between the complex diversity of the problems and the uniformity of proffered solutions. For each problem "more money" is almost always the first solution

mentioned (varying from more money for economic recovery, to more money for development aid , to more money for the protection of the environment). More innovations or better technologies are usually mentioned as proposals of the second order.

Now and then we hear something about more cuts or higher taxes, (for instance more taxes on higher incomes to solve indebtedness, an international liquidity tax to diminish global poverty, or a carbon tax to fight against further climate change), but that is usually at the end of the list of suggested remedies.

Does that imply that all these proposals are bad? No, of course not. But it is their bleak similarity which should strike us, and cause us to think deeper about what this all means. It is, in fact, a striking similarity. For in one way or another these proposals are restricted to, and inspired by, what can be accomplished in terms of a further growth of our economy, of science and of new technological devices in our thoroughly dynamic society. Our own material progress is never made a point of debate. On the contrary, our ongoing dynamic achievements are presumed to be the precondition that allows these similar plans to be formulated, even if the solutions that are offered prove aggravate the very problems needing to be solved over the long term.

### **Cultural Roots**

It is time therefore for us to start peeling a further layer of our 'onion'. For of course, repeated failures of plans and solutions do not simply drop down from out of the blue sky. They point to a deeper cause, one that is cultural in origin. What I have in mind is a shared cultural origin which is too often neglected in analysis that seeks to uncover the real causes of our problems.

For example, in our discussion of the causes of the present economic crisis and its persistence we met the element of ongoing greed. Alongside of that, we also heard about the decisive role that is played by an illusionary kind of optimism. These are factors which are regularly overlooked when it comes to the consideration of possible solutions to our problems.

But there is even more to it than that. We saw that there is similarity in plans which are now regularly developed to solve both poverty and environmental problems; despite many disappointments from the immediate past, people are still inclined to put their trust in the latest plan. Does not that recurrent pattern of trust indicate a link to an illusory world? Consider the fact that there is something like a perpetual trust in the healing powers of more money, more science and technology, despite all the evident failures, in our continually changing global society? Somehow, within our own western society, with all of its global dynamism, there is a willingness to live with illusions and to live out of illusions. Could this perhaps hamper our ability to perceive today's realities as they really are?

A recently published book, The Empire of Illusion: the End of Literacy and the Triumph of Spectacle (2009) by Chris Hedges develops this theme for us. Hedges defends the thesis that the distinction between illusion and reality is increasingly blurred in our time. In this culture of entertainment we are surrounded by manifold illusions which, he underlines, is a matter of utmost

seriousness. For a culture that can no longer distinguish between reality and illusion just dies. Hedges illustrates this by pointing to the present economic and financial crisis, I quote:

America seeks to perpetuate prosperity by borrowing trillions of dollars, which it (however) can never repay. (p.143).

Indeed, monetary greed, illusion and growing indebtedness are all closely related. For instance, debts form the illusory path along which people and states perpetuate their desires. They live with footprints that are much too large. The manner in which they follow their path perpetuates the very situation in which they are no longer able to be sustained. What they think is merely routine is no longer possible.

If that happens so clearly in the field of finance and indebtedness, it should not surprise us to find signs of a similar illusionary attitude about the environment and poverty. We are told that poverty can be always be abated by more development aid, and in relation to climate change new technological developments still hold out powerful promises to us.

But please note here that I am not saying that technological innovations have no value; they surely do. Nor am I defending the position that growth and economic aid have no use in the fight against poverty. Indeed, it is especially the poorest countries in the South that need more economic growth. But my point is that neither technological progress nor economic growth have Saviour-like qualities. They don't have the ability to rescue us from all problems if we just obediently follow their course. To believe that they do have this ability means we have become blinded by our own illusions. Such illusions prevent us from developing a realistic outlook.

Did you notice that while we were peeling off the onion's layers in this way, we have touched upon an even deeper layer of our predicament? Speaking about Saviours and the will to follow their course is not neutral language. Here we touch the realm of the ultimate meaning for which people live: the level of the deepest trust that persons and nations can have in their lives.

Chris Hedges also reaches that core-level when he makes the sober remark:

... the cultural retreat into illusion is a form of magical thinking. It turns worthless mortgages and debt into wealth. It turns ... destruction ... into an opportunity for growth (p. 190).

Indeed, money and magic are often correlated. For faith in money always bears some magical traits. It was the German philosopher and poet Goethe who, two centuries ago, made this perfectly clear in his great tragedy of Doctor Faust; here was the scientist seduced by the devil to believe in the magic of money but who also gradually became completely captivated by it.

It is in this context of ultimate choices, of faith, that a kind of cultural dilemma confronts us. In our extremely dynamic society we can cling to the illusory view that all our problems can be solved in and by our further progress, and that we must stick to those kinds of solutions.

But we can also choose for what, in my view, is a different and far more realistic perspective.

## **A More Realistic Perspective**

What perspective is that? What I am proposing does not cling primarily to the potential of our own further dynamic achievements. Rather, it begins with the public and personal changes which are required if we are to take seriously our present broken reality. Changes are needed which imply a different style of social, political and economic activity in line with a normatively more healthy, more just, and more caring behaviour. This then implies, in its turn, a different religious choice, a choice whose roots lie in choosing for an orientation that is Way instead of a goal or a plan.

Let me use, to bring all this somewhat nearer to you, a metaphor, that of a high speed train, like the French TGV, the train of *grande vitesse*, which travels at a fantastic speed through the countryside.

Two positions are possible in relation to the movement of such a train. The first possible position could be called the way of seeing by taking up a position *from inside* the train. Imagine that you are travelling on that high speed train, and that *en route* you are sitting there in a comfortable seat. From that position everything around you looks stable and peaceful. You have no thought about a need for an emergency stop. The journey seems to continue uninterrupted. You will perceive some movement only if you look outside through the windows, But what you see there is the virtual movement of the landscape. The landscape itself looks as if it is moving backwards, as if it is falling behind, as you go forward. This, of course, is just an optical illusion. It is created by the fact that you with your own velocity provides you with your first and final frame of reference. As a result that which is actually standing still besides the tracks seems instead to be moving behind as you are thrust forward.

But now imagine yourself in a second possible position in relation to this same high speed train. Now you are standing outside the train, only meters away from the tracks where the train will soon pass by. This is the view from outside the train. What will then be your impression? Of course, it will be that this train is travelling extremely fast, perhaps even too fast! For what could happen were there to be some kind of obstacle on its track? Perhaps you will even be looking anxiously at some spot just ahead of the train, where some children appear to be playing and could possibly try to cross the tracks.

The difference between the two views lies in the difference in the viewpoint from which you perceive the movement. The rapid movement of the train only becomes questionable if you stand outside the train's path with your feet rooted on the ground. In this way you are one with the surrounding landscape. But if your *archimedean* point is within the movement of the train, and if you with your velocity, are one with the train, your entire outlook changes. Your perception of reality now becomes a dynamic perception, which transfers what is in reality static into what appears to be moving backward. And your initial concern is with the maintenance of your own speed rather than with the possibility of obstacles, or even people, on the train line.

What I am trying to suggest here is that the more we, as modern people, find our place by identifying ourselves with our own dynamic patterns, the more we see ourselves as an intrinsic part of that same dynamic world, then the more we can also be closed in by that view. We are even at risk of developing a partial blindness to what is really going on in today's reality. *We view those located outside the limits of our own dynamic trajectory in terms of a virtual reality that has been created in our perception, by our own forward movement.*

The prevailing tendency in our modern society seems to be that most politicians and scientists are inclined to judge the world from inside the high speed train, from the dynamic point of view. That implies that they tend to see the recurring and powerful dynamic patterns of our societies as completely normal, and less dynamic patterns are seen as abnormal. They may even feel irritated by everything or everyone lagging behind.

How easily, for instance, do we see poor countries, which merely remain where they are, as under-developed, as lagging behind. We often view poor men and women in the midst of modern societies as under performing and therefore as lagging behind. In relation to nature, the dominant view does not usually bother with the inherent limitations of the environment. Instead, nature, the environment, needs to adapt to the requirements of our dynamic patterns of production and consumption. So, if nature seems to pose limits to what modern people wish or desire, the prevailing inclination will be to view those 'natural' restraints as only temporary barriers; barriers which can still be overcome by new scientific or technological achievements.

What does the difference between these two outlooks on our present dynamic society imply for the treatment of problems which I have already outlined? The problems take on quite different shapes within each of these two outlooks. If the view from the outside prevails, dimensions like culture and meaning are added to both the problems and their possible solutions.

Of course, it is possible to choose the economic, financial and technological speed of our own society as our basic frame of reference, judging every one and every thing from that perspective, and forcing everyone and everything to continuously adapt to what we see as normal. But the more realistic view from the outside tells us that this kind of 'normality', regardless of how modern it may appear, is miles away from true respect for our God-given reality. Such a proud attitude even approaches a kind of idolatry. It looks increasingly like bending the knee to the brilliance of our own economic and technological creations. And it can, moreover, lead people entirely astray, blinding them to realistic solutions that could help to find a way out of our present deeply problematic predicament.

But how? How then? What is the concrete difference?

Well, that follows immediately from the basics of this 'outside' view is its Way-orientation. People of the way was the oldest name given to Christians, as we read in the book the Acts of the Apostles. There we read that the people of the Way were first called Christians in the city of Antioch. Modern societies are however not Way-oriented. They are primarily characterised by their ultimate goal orientations. Their first priority is to strive for more

wealth, more health, more security for themselves. They derive from these goals the instruments they need to achieve them, and the paths which must be taken to get there. But a basic Way orientation is just the other way around. First come God-given paths or ways to walk on; the paths or ways of justice, of love, of stewardship and of solidarity. Goals or targets also have a place here, but only if they are fully in line with these first principles. Goals are seen as an expression or elaboration of what justice, love, stewardship and solidarity ask of us.

It is quite remarkable that we find way-orientations in almost all religions, and they therefore always have a self-critical element. Justice, Not Just Us: (2000) was the title of a book by the former Canadian Christian social leader Gerald Vandezande. His discussion confirms that precisely because of the possibility of personal and communal self-reflection, the proposed Way-solutions can go much deeper than goal-oriented solutions usually do.

Way-oriented solutions always include a solid critique of what is wrong or going wrong in our modern self-centred societies. They may also include elements like the need to turn around in our ways. Or they may emphasize the need to bring healing in the line of justice and reconciliation, as took place in the recent history of South Africa. But uncritical, self-chosen paths do not have that characteristic. They easily feed further illusions, and can even bring us to the ideological madness of fighting for what we wish to maintain at all costs and by all possible means.

But there is no need for that. We can decide to say goodbye to such a superficial life-orientation and break through the power of deeply unrealistic illusions. Instead of remaining childish in our constant desire for more, we can choose to become culturally, economically and religiously mature.

### **Looking Again at Our Current Problems**

So let us now return to our present problems.

#### **1. The Economic and Financial Crisis**

The first in our list is the present economic crisis. This crisis can not be overcome by pumping more money into national economies. But the banks, the speculators, and governments still firmly believe in endless growth made possible by more money and they have elevated money so that there it sits perched as an idol on its throne. They have given and still ascribe it the power and capacity to command the real economy, and we see how this delegation of power is manifest in the terror that wrecked upon entire national economies when financial markets bring down their judgements about a nation's economic and financial health. Money however should not rule us. Money and the creation of money should instead serve us all so that we can walk in the Way of good stewardship.

And so here the first normative element has entered our diagnosis! If banks in their greed create more money than the economy really needs, they are simply doing wrong and must be stopped. In earlier days, money was seen as a public good; it got a public stamp or mark to guarantee its value. Money needs to be brought back to this kind of serviceability. This also implies that highly speculative financial derivatives like credit default swaps

should be forbidden. Monetary reform thus stands at the beginning of an enduring economic recovery.

## 2. **The Problem of Poverty**

In relation to the persistent problem of global poverty it is plainly urgent that the *norm of public justice* needs to enter fully into our deliberations. Did you know that in almost every year in the last twenty to thirty years there has been a so-called negative transfer between North and South? That means that in almost every year the sum of interest payments and loan-amortisation paid by the poor countries of the south to the rich societies of the North was higher than the sum of direct investments plus development aid that came from the North. When then British Prime Minister Mrs Thatcher first heard about this fact, she reacted with astonishment: that, she said, is just the opposite of development aid! Indeed, for it implies that rich countries and their banks continually extract more money from the impoverished south than they send out.

Underneath this strange kind of continuous enrichment by the rich lies a distorted, unjust global monetary imbalance. It is the imbalance that only a limited number of countries are permitted to create international liquidities.. Rich countries can create key currencies, such as the Dollar, the Euro and the Yen as much as they like, because their currencies are accepted by every other country. But poor countries do not have any kind of direct access to international liquidities. They can only earn those currencies by increasing their exports or by borrowing those liquidities from the rich, usually at high interest rates.

Thus the net indebtedness of the poorest countries has grown for over twenty years. And it is still growing, which means that their own economic growth is continuously hampered by the enormous amounts of debt payments that they need to pay each year.

If the West would truly take the problem of increasing poverty in the South seriously, well, then it would accept that at least a substantial part of the benefits of creating international money should go directly to the poor countries, which would enable them to pay off their debts. This simple gesture of international justice could solve the most painful sides of world poverty and would also contribute substantially to our own economic recovery. It would be an echo of what was meant by the year of Jubilee in Israel, the return of land to its original owners as a source of economic wellbeing to the poor, as their own legitimate share.

But is the rich West really prepared to act in this way? No, it is not. We prefer window dressing over justice, sharing of the fruits of progress over sharing in the sources of progress, and meagre development aid over any kind of international monetary reform.

## 3. **Global Environmental Degradation**

Finally, there is the urgent problem of environmental degradation and accelerated climate change. If we have the courage to look at its real causes, then there is abundant statistical proof that the world's population growth is not the main cause of the deterioration of the global environment. No, a far

more significant factor is the explosive increase of income, production and production per capita in countries that are already rich, and more recently also in China.

Here again a specific norm, *the norm or path of true stewardship* needs to be part of our deliberations. On the one side there are the increasingly apparent limitations of what the living earth can endure, the so-called carrying capacity of the earth. But on the other side there is the ongoing pressure to continually increase material economic growth per capita of population, which brings with it more waste, more pollution, more emissions of CO<sub>2</sub> - all of which threatens the vulnerable eco-systems of the earth.

Should we then go on to trust that better technology and greater efficiency in the use of resources and the environment will always counterbalance these effects of continued economic growth? Calculations have been made to assess this possibility, such as those made by the Wuppertal Institute in Germany. It came to the conclusion that our use of energy and resources needs to be reduced to 1/10<sup>th</sup> of what is now used per product in order to counteract the effects of more consumption growth. The possibility of this however is, of course, just another illusion.

So, yes, this is indeed another area in which we sorely need to come to our senses. We should be willing to conclude, that the accelerating speed of our material consumption is simply too high. John Kenneth Galbraith put it well some decades ago:

A rising standard of living has become an article of faith in western societies.

We should make a stand against that faith as adult and mature people. We should be willing to live more simply, so that others, including our children and grandchildren, can simply live.

But here you could ask me: sure, a lower consumption level may be a fine ideal, but would that not worsen our economic crisis? President Eisenhower once declared in one of his speeches that it was "a duty of every American to consume". More consumption, he said, means a higher demand for goods and services and thus also more employment. The question then is an understandable one, and it is putting its finger on a problem of an expansion-oriented economy. But there is not any need to choose more material expansion as our (final) vantage point!

Think a moment about a growing tree, which involves all of its cells in its growth and survival. Does such a tree always strive for greater height, so that it can finally reach the sky? No, of course it doesn't. Sooner or later it redirects its energy-patterns not towards more vertical growth, but towards blossoming or fruit-bearing.

Compare this with our own Canadian economy. In today's economy there comes a moment, and in my view that moment is now, to give priority to social and economic blossoming over further growth in personal consumption. This means turning in a direction where investment is made for the growth or preservation of human capital, for human health and education, for social capital like community services, and natural capital projects that uphold our natural environment. A trade-off thus occurs

between growing consumption and our human and natural wellbeing! A significant benefit of such a transformation would be that those investments are relatively labour-intensive, so that such a strategy would result in growing employment, a policy in which employment for everyone is secured.

But there is another side, and here we need to give consideration to *the norm of solidarity*. You can only afford the transition from an expansion-economy to a blossoming economy, if the nation agrees to at least stabilize existing income-levels. For these new types of employment do not result in the production of more income via growing markets. No, they are built not on higher levels of consumption but rather higher levels of savings, in order to make these higher alternative investment levels possible. So we could better say, instead of echoing ex-president Eisenhower: It is a duty of every Canadian citizen to save and then reinvest for the common good.

### **A Concluding Word**

This course of seeking a higher degree of community, solidarity, stewardship and justice in our economy and in the world economy may sound idealistic. But if we take our intense and urgent worldwide problems truly seriously, then we begin to realise that in fact there is no other real alternative. Somehow we need to listen more to God-given norms and values and less to our own self-centred goals and desires. For nations that simply continue to build on illusions without any form of self-critique are now on the brink of losing their balance, their power and their true wealth.

Today there is a danger of winning the entire world but losing one's soul at the same time. In our time, this is not just a crucial message for persons. It is also, and perhaps even more, a crucial message for nations, and especially for the rich of the West. Let us learn to choose life again.

\_\_\_ o 0 o \_\_\_

# **Money, Magic, Greed and the Power of Illusions**

Sir Fred Catherwood Lecture,  
Belfast, Northern Ireland, December 1, 2011.

## ***Ladies and Gentlemen,***

"It is time we look again at the moral order we have lost".

Sir Fred Catherwood wrote these words in the Preface of his well-known book "The Creation of Wealth". I would like to take these impressive words as my theme on this occasion. They also underline my main motivation. For if we are surrounded by many problems, even to the point where they are perhaps overwhelming us, then we need to probe deeper levels in our understanding than we are ordinarily prone to do. Then indeed we might discern that the moral order for life itself is at stake.

But how shall we do that? My main suggestion is simply to take the complex reality we confront today with utmost seriousness. This reality is not just a matter of human experience, it is also God's reality. In ways that confront us at our deepest level, God is always present in what happens around us: He is challenging us, testing us, but also encouraging us through His Holy Spirit. It is my hope that we will experience this today, especially now, as we deal with the roots of our current financial and economic crises. The usual suggestion is that, whatever the current crisis may be, it can be solved by the most brilliant brains among us. It is suggested that we should leave them to do their work. But the reality has much more to it than those things our brains can address. Is there not greed, illusion, perhaps even magic at work in this situation?

But let me not run ahead too fast. Let us first briefly try with utmost care to analyse today's economic and financial reality. Only when we have done so should we try to look deeper, also at the cultural levels of our situation, and finally consider the moral order which, according to Sir Fred, we may have lost.

Let me now discuss three of our major problems. They are: a rising global indebtedness; a deepening crisis in the European Union; and the remarkable fact, problematic in itself, that most solutions are obviously not working well, particularly at a national level.

### ***1. Growing Worldwide Indebtedness***

A first characteristic of our time is worldwide rising indebtedness. We all know of course about the persistent indebtedness of the poorest nations of the world. Their huge debts continually cast a dark shadow over their economic future.. But now, the amount of debt is on the rise in almost every part of the world. No longer is increasing debt linked mainly to the poorer countries. It is also evermore evident in the so-called wealthy countries. The US is not just the world's largest economy. Along with Japan, it is also the nation with the largest public debt. So it comes as no surprise that alongside of rising public debt private indebtedness is also growing all around the world.

*Time Magazine*, for instance, the well known American weekly, recently drew the attention of its readers to the fact that since 1980, average consumption-levels have risen enormously in the US, but at the same time this increase was not made possible by a corresponding rise of wages. No, it was facilitated by an explosion in credit. Household debt has risen 20-fold in the US in the last thirty years. The average American family has, at this moment, no fewer than 13 credit cards. Household or private debt is estimated to be \$14 trillion, about the same as the enormous US public debt. In his book The Empire of Illusion: the End of Literacy and the Triumph of Spectacle (2009) Christian Hedges makes the interesting remark that, I quote:

America seeks to perpetuate prosperity by borrowing trillions of dollars, which it (however) can never repay (p.143).

Of course, this kind of profligate living cannot continue indefinitely. And, perhaps not unrelated to this, poverty in the US is also growing. There are now more than 36 million Americans who have to cope daily with hunger, and that is a rise of 3 million since 2000.

## **2. The European Crisis .**

Over the last year, media reports on a weekly basis that a financial crisis is looming for Europe. The reports continue with growing intensity. The latest daily columns tell us that now announce that a full-blown crisis has now arrived. And indeed, there is good reason for this kind of commentary.

I already drew your attention to the world's rising indebtedness. But in this context, Europe has its own specific story. The key theme of this story is the often ignored fact that the European Union is, in the first instance, an economic and monetary union, and not a political union at all. This suggests that the Union is always oriented to promoting its own material wellbeing, as is clearly stated in article 2 of the Treaty of Rome. The Union is thus less concerned about the political situation in its member-states; they are left to take care for themselves. Take Greece for instance. It followed its own liberal interpretation of the European principle of wealth-promotion. And particularly under the rule of Papandreou Snr., Greece took the opportunity to make an enormous jump in its public expenditure. However, this was not financed by higher taxes but by treasury bonds and by the loans that we greedily offered on easy terms by Europe's leading banks. Other countries also choose for such an expansionist credit-policy: Italy, Spain, Portugal, and at a somewhat later time, Ireland. No wonder that, after a number of years, the so-called financial markets began to have doubts whether all these countries would ever be able to repay their huge loans. It was also at that time that new financial derivatives were created, such as the so-called Credit Default Swaps, which give speculators the possibility of cashing in when a company, bank or even a country ends up in bankruptcy. It is no wonder then that the European crisis was enhanced and deepened along this path that ostensibly was headed toward material well-being.

The European Central Bank, as we all know, is now trying to prevent a further deepening of the crisis by buying up these doubtful debts and treasury bonds. But it is also enforcing, together with the IMF, a more

stringent budgetary policy, especially in Italy and Greece. Both their Prime Ministers have recently been replaced. But that did not silence the outcry in the streets of Athens and Rome about the cutting of salaries and the slashing of social expenditure. These protests are so intense that this top down European financial policy will sooner or later come to an end. The concept of a broad economic and financial European Union is now itself at stake. Yes, indeed, Europe is involved in a deep crisis.

### **3. Failing solutions**

My third point is about failing solutions. In economic textbooks the solutions that are put forward to abate the impact of economic depressions are relatively simple, although there are striking differences among them. Just to remind you: in the Keynesian school of thought, economic depressions can be overcome by means of more government expenditure. A higher deficit is temporarily accepted in order to stimulate the economy so that the level of private investment and private consumption can once more follow a growth path. The other school, usually associated with the Chicago school, emphasizes lower taxes and direct stimulation of the supply side of the economy is the way to go. I remind you of these two leading opinions because they immediately make clear to us why neither of these two standard-solutions work well in the present predicament. For how can one expand government expenditure when public debt is already far too high? At the same time, lowering taxes is not an option at a time of intense budgetary constraint. For lowering of taxes increases the deficit again, unless you also drastically cut government expenditure. That was what the US Tea Party proposed. And such action will, once again, have the effect of aggravating the crisis.

It is in this embarrassing situation that we sometimes see Federal Banks and governments giving in to the temptation to pump more money into the economy. Using the printing press, as it is sometimes called, will of course mean an increase in the availability of liquidities in the economy. But the amount is already far too large. But like penicillin, it also brings more colour onto the cheeks of the patient and so perhaps also contributes to a rapid recovery. Enormous doses of this type of penicillin are then needed, but why not give it a try?

The problem behind this so-called "solution" is, of course, that it was precisely the policy of easy money creation which caused the present economic and financial crisis in the first place. This was just as much for Europe as it was for the United States. Joseph Stiglitz explains that clearly in his recent book, entitled Free Fall: America, Free Markets and the Sinking of the World Economy (2010). He tells us how, in the years before the crisis, both politicians and most Western economists entertained very optimistic, even over-optimistic views of the economy and of the possibilities of further growth. This optimism led most banks, for their own very speculative purposes, to a very easy-going money-lending policy. This policy, Stiglitz explains, was driven mainly by their own greed. Indeed, since 2003 these big banks created four times the amount of money needed by the real economy to maintain growth. These loans or debts, public and private, now hang as a huge cloud above all of us, and they hamper each and every

economic recovery. Our economy has thus indeed become on in "free fall", with increasing debts and indebtedness, in both the private and the public spheres.

Here, in this place tonight, we are all convinced, I am sure, that money should serve the real economy, that is money is to serve the production and consumption of real goods and services. But today it often looks the other way around. What we call the "real economy" has become more and more dependent on the bloated financial sector, with its inherent whims and volatilities. Sir Fred pointed to this same fact by speaking about what he calls the new electronic economy:

The electronic economy enables money to flash around the world at the speed of light, driving currency flows out of control and plunging stock markets into crisis" (p 14).

How true that is. Speculative money indeed now plays a powerful destabilizing role around the globe. For these capital flows are always searching for higher financial rewards, especially in the short run, and they often even induce many businesses to report higher profitability over the short-term to maintain the image of longer-term viability. George Soros was therefore correct when he observed that financial markets have now taken their place in the driver's seat of the global economy. That is to say that money has now clambered up onto a throne of its own making from where it presumes to exercise its lordship over all real economies. Indeed, most governments today are full of fear of the havoc financial markets may wreck upon them; they lurk like a latter-day Big Brother watching from day to day to constrain their legislative action and to bring in favourable amendments.

### ***A Deeper-Level Analysis***

With these remarks we already begin to take the first steps toward a deeper kind of analysis. For how it is possible that money and the financial markets could ever gain such an enormous hold over our economies? How is it that money could ever lead us into this present crisis? Is it wholly and solely a result of the exponential greed of the big banks?

Let us therefore look for a moment at a somewhat contrasting vision. Another recent book, written by George Akerlof and Robert Shiller, *Animal Spirits: How Human Psychology Drives the Economy, and Why it Matters for Global Capitalism* (2010) seems to give us a somewhat different diagnosis of the causes of our present crisis. These authors see so called "animal spirits" as playing the dominant role. The term "animal spirits" comes from Lord Keynes. And it refers to those irrational factors or non-economic motives that heavily influence people in their decision-making. The authors mention as examples: an unlimited confidence in what markets can do; the illusion of money; and several forms of bad faith. These kinds of instincts, they argue, caused people to seriously believe that, for instance, house prices would always go up, and it heightened their faith in the possibility that they would get richer and richer.

Akerlof and Shiller conclude that their theory of animal spirits answers the conundrum of "why most of us utterly failed to foresee the economic crisis". A somewhat different interpretation indeed. But the similarity is of course

that also they underline the fact that the idea of an unlimited progress can bring people to decisions which later on wreck great harm to the economy.

Terms like greed, as used by Stiglitz, and the power of illusions, as mentioned by Akerlof and Shiller, point to a deeper level and cannot be accounted for in terms of economic processes alone. It is the level of *culture* which should enter into consideration here; the level of human intentions and human drives. We should especially be alerted to the role illusion plays in human life. Illusions allow people and nations to believe what they want to believe, instead of taking reality seriously.

In his book The Empire of Illusion which I have referred to already, Chris Hedges defends the thesis that, in our time, the distinction between illusion and reality is increasingly blurred. We live in a culture of entertainment, which is a culture of continuous illusions. Hedges underlines this with utmost seriousness. If a culture can no longer distinguish between reality and illusion it must sooner or later die. But even more remarkable is his conclusion. I quote :

The cultural retreat into illusion is a form of magical thinking. It turns worthless mortgages and debt into wealth. It turns ... destruction ... into an opportunity for growth (p. 190).

Magical thinking? Here we confront an altogether new concept. Could it be that magic has played and continues to play its own distinctive role in our time? Of course, when we first hear this it sounds fantastic. But it may not be as strange as we think. Two centuries ago, the great German poet, Johan Wolfgang von Goethe, wrote his well-known drama, Doctor Faust. Faust is a scientist who sold his soul to the devil in order to be able to obtain superior knowledge, the kind of knowledge God has. In the second part of this tragedy Mephistopheles, the devil's advocate, brings Faust to try to produce gold. But when that fails, he suggests that he choose instead the magical path of creating paper money! Indeed, it is that magic which turns Faust into a rich and extremely powerful man, who could scarcely be saved by the angels. Goethe, by the way, was once minister of Finance in the German republic of Weimar, and so he had some acquaintance with what he was writing about.

Money is indeed a very strange object particularly when it takes on magical properties. Money represents value, but only so far as we collectively believe in it. Without that collective faith, printed money would be no more than a rectangular piece of colourful printed paper, or a simple written line in a bank-account. The magic of money is such that it seems capable of seducing people to think that it is most desirable, the most desirable thing to have. Of course, and let there be no doubt about this, money can be very useful in facilitating economic transactions between people. But it can also grow into an idol, a pseudo-saviour, a Mammon which can betray you at the very moment that you need it at most.

This kind of depth-level analysis helps us see more clearly. If the amount of money in the hands of people or in their private accounts is growing, it can easily create for them the illusion of growing wealth. And thus we can be induced to believe that there is continued growth in the economy, even if there is no solid ground for that kind of faith. Money can also feed the

illusion of increasing control, of exercising power over others. It seems that such an illusion played a crucial role in the outbreak of the recent global financial crisis. The banks, the speculators, simply believed in the endless growth which was made possible by the perpetual creation of more money.

### ***Greed, Illusion, Debt and Faith***

A greed for more money may inspire illusions, but growing indebtedness is also prone to illusions. Debts form an illusory path along which we may perpetuate our desires, even if, in fact, the fulfilment of such desires is no longer possible! Our desires prevail only for a moment, until the illusion of money breaks down and the harsh reality takes over. Did not Jesus warn us in his parable of about unjust Mammon that money can easily fail us?

It is clear, I hope, that with these remarks we have reached a deeper level, a dimension which goes beyond and beneath the cultural dimension of our human drives and the development of our imagination. Here we are confronted with the almost forgotten dimension of religion, and to the role of faith and ideology in human society. For the power of illusion, just like the power of magic, never stands on its own. Neither is the unlimited pursuit of one's own material happiness ever a merely neutral attitude. The views, goals and attitudes formulated under the spell of illusory magic look very much like goals and attitudes of last resort. They are rightly seen as expressions of living ideologies. John Kenneth Galbraith wrote it already many years ago:

A rising standard of living has become an article of faith in western societies.

Let me say it otherwise. In the hardening of our economic crisis, in both Europe and in the world as a whole, we can observe something of what the prominent French Catholic philosopher, René Girard recently described as the whirlwind of a heavy hurricane. A hurricane, as we all know, can catch everyone and everything in its devastating course. Similarly, Girard wrote, it looks as if our present world is in the grip of a growing lust for always more wealth and money, by which peoples and nations continually imitate each other, and he calls it a hurricane of desire. This is similar to what Sir Fred Catherwood once observed:

What drives greed is covetousness. Just because (the other) wants something, we want it ourselves.

It looks indeed as if somehow western society has become a victim of its own growing covetousness. We take up all means that may help us to fight for our ever-increasing wealth, to maintain at all costs and by all possible means what we have already. And for all those purposes, money is grasped as the most important weapon in our struggle.

No doubt this is a hard kind of diagnosis. But let us also observe the message of hope and perspective which is involved in this message. Illusions can indeed take us captive, and idols can abandon us at the most critical moment. But of course we can also decide to say goodbye to them. As a mature society we can break through the power of deeply unrealistic illusions. Somehow we should now come to our senses, as the prodigal son did in the parable of Jesus.

## ***The Path of Hope***

But what could be this path or this pattern of hope? Could it also imply Europe's return to the Father's house?

As I have noted already, René Girard compares our present global situation to a hurricane of desire and greed, a violent weather pattern extending across the globe, catching all nations in its turbulence. But each hurricane, he suggests, also has a centre, a centre of silence. What is this centre? Two significant terms he used to describe it.

Firstly there is *love*, for in real love the goods that are transacted between us as persons and nations, the inter-esse which so easily lead us to envy one another, simply fall away. Love makes room for what the other needs, and this then leads to sharing.

His second word is: *following*. That is a deeply religious word, related to the Gospel of Jesus Christ. But it is used by him in contrast with the lust to endless imitation of other persons and nations in their quest for always more material wealth.

I like this deep approach of Rene Girard. But let me first try to make it also somewhat more concrete .

We have already seen that modern societies. like those of the European Union are primarily characterised by their ultimate goal orientation. They strive primarily for more economic wealth, for more financial stability and for more safety for themselves, and then proceed to try to derive from those ultimate goals the instruments they need to achieve them. This implies that if they are confronted with problems, they will systematically choose those economic and financial policies which are required to preserve their goals!

But is that also valid for a Christian approach to our personal and collective problems? Surely not. For the heart of each truly Christian approach is not an ultimate Goal orientation but an ultimate Way-orientation. "The people of the way" was the oldest name of Christians as mentioned in the Acts of the Apostles. There we read that it was in the city of Antioch that these people, "these people of the Way" were first called "Christians". A basic Way orientation in politics is therefore just the other way around from a basic goal-orientation. It implies the willingness to follow ways or principles like justice, of love, of stewardship and community instead of putting first our own desires, wishes and material interests.

Of course, in a Way-oriented approach goals or targets will sooner or later enter the picture. But they only come in, and are only pursued, if and when they are and remain fully in line with what justice, love and stewardship ask of us. Way-orientations - and it is very remarkable that we find them in almost all religions!- therefore always have a self-critical, self-denying and self-limiting element. They acknowledge that we could be wrong or could have done wrong. And precisely because of this element of personal and communal critical self-reflection Way-solutions can also reach far deeper than goal-oriented solutions usually do. They may include a solid critique of what is going wrong in our modern self-centred societies. And can thus also

ask for turns, or express the need for healing, justice and reconciliation as the recent history of South Africa shows.

But uncritical self chosen paths do not have that vital characteristic. They not only easily feed further illusions, but can also tempt nations to comply with the ideological madness of fighting for what they wish to maintain at all costs and with every means possible.

### ***A Way-Approach to Our Current Crises***

So let us now return to consider today's problems, and look first at the problem of *rising indebtedness*. Debt, indebtedness, these are words we often hear in church. They are even mentioned in the Lord's prayer, not only in the context of God's forgiveness of our debts, but also of our forgiveness of the debts of others. But do those much prayed lines also have practical significance for us and for the Western world?

The ongoing indebtedness of the poorest nations should especially shame us. In the Torah, the Mosaic laws of ancient Israel, the maximum legal term for debts was six years, because in the seventh year, the sabbatical year, a general forgiveness of debts was to take place. Faith in the eternal God prohibited that debts would be perpetual. Only God is eternal, and so indebtedness must not go on for ever. But that is obviously not the situation now between rich and poor nations. Why not? Why do all of their debts still persist? Are there here perhaps similar factors at work as in the rise of global indebtedness?

In tackling the enduring problem of indebtedness it is the way or path of public *justice* which needs to come onto our horizon. In relation to debt, public justice has been a severely violated principle. Did you know that in almost every year in the last twenty to thirty years there has been a so-called negative transfer between North and South? That means that, in almost every year, the sum of interest payments and loan-amortisation paid by the poor countries of the south to the rich societies of the North was higher than the sum of direct investments plus development aid that came to the South from the North? When the then British Prime Minister Mrs Thatcher first heard about this fact, she reacted with astonishment: "But that is just the opposite of development aid!" she said. Indeed, for it implies that rich countries and their banks still continually extract more money from the impoverished south than they send out.

Underneath this strange kind of continuous enrichment by the rich lies the distorted and unjust global imbalance in which only a small number of privileged countries are permitted to create international liquidities, the key currencies acceptable in international trade. Rich countries can create key currencies, such as the dollar, the euro and the yen as much as they like, because their currencies are accepted by every other country. But poor countries don't have any direct access to international liquidities. They can only earn those currencies by increasing their exports or by borrowing money from the rich, usually at high interest rates. This is the main reason for the growth of the indebtedness of the poorest countries in the last thirty years. And its is still growing, which means that their own economic

development is continuously hampered by the enormous amounts of debt payments that they need to pay each year.

If the west would truly take the problem of increasing poverty in the South seriously, well, then it would accept that at least a substantial part of the benefits of creating international money should go directly to the poor countries, which would then enable them to pay off their debts. This simple gesture of international justice could solve the most painful sides of world poverty, not to mention that it would also contribute to our own economic recovery. It would even be an echo, albeit a distant one of what was once meant by the year of Jubilee in Israel, the return of land to its original owners as a source of economic wellbeing to the poor, since it was their own legitimate share of capital resources.

But is the rich West really prepared to act in this way? No, it is not. We prefer window dressing over justice, sharing of the fruits of progress over sharing in the sources of progress. And so, meagre development aid is given preference over any kind of international monetary reform.

Indeed, there is a link between several kinds of indebtedness. It is greed and opulence which still sustains the unbroken monopoly held by the big western banks and governments in the creation of new international money for themselves. If we really wish to end the structural problem of the world's rising indebtedness, then it is that monopoly which must end. Money and the creation of money should not rule over us, but serve us in the way of good *stewardship*.

Here another principle of the Way-orientation, stewardship, comes onto our horizon! If in their greed, banks continually create more money than the economy really needs, then they are simply committing an economic wrong and should be publicly stopped from doing so. In earlier days, money was seen as a public good; it received a public stamp or mark to guarantee its value. Money needs to be brought back to this kind of economic serviceability. This also implies that highly speculative financial derivatives like credit default swaps should be forbidden. Monetary reform stands therefore not at the end but at the beginning of any enduring solution to the problem of global indebtedness.

This is also true for the *second problem*, the current global economic crisis and the European crisis which is deeply connected with it. Europe still tries to find its juridical foundation in the logic of striving for more and more material welfare. The common market has brought us many economic benefits and therefore, so goes European reasoning, it should be protected by all means. This explains to a large extent the behaviour of the European central bank and of countries like France and Germany. But what happens if our starting-point is no longer the ideology of maximum economic growth and instead we follow the principle of true stewardship? Then Europe should be willing to admit that unending increases in its own material welfare contains an element of unwillingness to share with other poorer nations and also with weaker member-states. And we should also be willing to admit that the track of a maximum economic growth is no longer ecologically sustainable. We should be, according to the saying of Mahatma

Ghandi, be willing to live more simply, so that others, also our children and grandchildren, can simply live.

But here you could object: sure, a lower consumption level may be a fine ideal, but doesn't that have the effect of deepening our economic crisis? Didn't President Eisenhower, for example, openly declare in one of his speeches, that it is "the duty of every American to consume"? More consumption, he said, implies a higher demand for goods and services and thus also more employment.

This is an understandable response, and it is entirely accurate within the framework of a primarily expansion-oriented economy. But that is not a true perspective for a Way-orientation to public justice and stewardship. That approach will not grow a shalom-oriented economy that celebrates its Jubilee year in cancellation of debts. Think for a moment about a growing fruit tree. It utilizes all cells in its growth and survival. But does the fruit tree always strive for a greater height, so that it can finally reach the heavens above? No, of course not. Sooner or later it redirects its energy-patterns away from vertical expansion towards blossoming, to fruit-bearing.

Now compare that to what we now have with our own European economy. Like the fruit tree there also comes in this economy a moment, and in my view that moment is now, when the priority must be given to natural, social and economic blossoming instead a further growth in material consumption. That means taking a turn in the direction of investing in: the growth and preservation of human capital - human health and education; of social capital - like community services; and of natural capital - the upholding of our natural environment. A trade-off is needed between any increase in consumption and our human and natural wellbeing!

An important positive aspect of such an economic transformation is that those alternative investments are relatively labour-intensive, so that there will be enough employment for everyone. It all boils down to an effort to build together a relatively new non-market oriented sector in the midst of today's market economies. To me this signals one of the most likely remedies that has a chance of making an enduring impact upon today's economic crisis.

But there is also another aspect of this transition, and here the principles of *solidarity and community* enter the picture. You can only afford the transition from an expansion-economy to a fruit-bearing economy if people are generally willing to agree with at least a stabilization of their current income - or consumption-levels. For these new types of employment do not originate from the market-sector. No, they are funded by higher savings-levels, achieved for the purpose of making these alternative investments possible. Think of the conversion of the British economy in wartime, when Winston Churchill prepared the population of Great Britain to abstain from any further growth of their consumption and to accept so called forced savings, just to be able to defeat Nazi Germany. But a new enemy has entered today, and we can recognize his presence in the growing deficits in our social, human and natural capital. So we could better say, instead of echoing former president Eisenhower's consumption-slogan: "It is the duty of

every European British and Irish citizen to save, for the just purpose of investing in the protection and growth of the common good."

Would this course of action lead to a higher degree of community, solidarity, stewardship and justice in our economy and in the world economy? It may still sound idealistic. But if we take our urgent global problems really seriously then we begin to realise that in fact there is no alternative. Somehow we need now to listen more to God-given norms or ways, and less to our own self-centred goals and desires. For nations which merely continue to build on illusions are now indeed on the brink of losing their balance, their power, and their true wealth.

There is a danger of winning the entire world and at the same time losing one's soul. This appears at this moment in history not only to be a crucial message for persons, but also and even more particularly for nations, especially the rich nations of the West. Let us thus learn to choose life again.

\_\_\_\_\_ o 0 o \_\_\_\_\_

# **A Way Forward: the Financial Crisis, Climate Change and Public Justice for All**

This is a 4 December 2012 revision of "A Note about the Credit Crunch, Climate Change and Environmental Responsibility" 8 October 2008.

The word "crisis" has resurfaced, with commentators comparing the credit crisis of today with the crisis of 1929, just before the Great Depression. Unlike the early thirties, the central banks are pumping a great deal of money into the economy to prevent a breakdown of the stock markets. Yet almost no one speaks about the deeper causes, clustered around the enormous growth of money supply in the last decade. The statistics describing that growth are not public information - and already that is a tell-tale sign that things are not right. But experts estimate that money creation has an annual growth rate of about 17%, which is at least three to four times higher than the annual growth rate of the so-called real economy.

Where has all the new money gone? It has been poured largely into the new markets of so-called derivatives, such as options and futures, which are often traded in relation to the expected future price of currencies and resources. The new money has also flowed into all kinds of new financial "products", including credit default swaps and packets of mortgages. Money, in other words, has become something that one can buy and sell as a product in its own right. The staggering growth of liquidities was mostly absorbed in these highly speculative markets, thus not leading to much inflation in the real economy. But now the enormous balloon of collective speculation has burst, people have lost confidence, and the real economy is deeply threatened.

## ***Greed and Magic***

This story suggests that underneath the current developments lies the driving power of greed. Greed has driven not only private or collective speculators but also the once-reliable banks. The creation of liquidities was the first economic sector to be fully privatized; for centuries, money creation was the monopoly of the state. But in the new order banks were able to create enormous amounts of money. They then fully engaged in the speculative process themselves, and they recaptured their money with huge profits.

But is greed the only factor? Consider the fact that money and magic do seem to have some inherent relationship with each other. Our question is this: how does magic relate to money ?

Recall Goethe's *Faust*. The act of making printed money - or in our current terms making electronic and "virtual" money - confers power as if by magic. It opens doors (suggesting even doors into the mind itself), doors to gaining more control over investments and thus to acquiring greater material wealth and luxury. That sounds like a powerful instrument for achieving almost every objective. But it is even more than that. Money sets people and markets in motion. In its very modern character it is a dynamic phenomenon. It is something that moves and it motivates. Today, financial

markets continue on as the most rapidly growing markets. In its dynamism, money becomes a Guide which society must follow wherever it leads.

### ***Idolatry***

One therefore begins to sense the presence of an inherent idolatry. The essence of idolatry is that the combination of high expectations and fear narrows your consciousness. Your focus becomes a matter of finding the right interaction with your “god”. At the same time you delegate power and influence to this god, so that you allow it to take the lead. It then forges or inscribes within you patterns of obedience.

Compare this with recent developments over recent decades. Financial markets have been given control over the real economy. At last, declared the President of the German Federal Bank, politicians have been brought under the control of the financial markets (see Helmut Tietmeyer *Le Monde Diplomatique* March 1996). In a TransNational Institute interview, Susan George agrees.

In developing countries and now in Europe. Government debt allows creditors to exercise undue power over decision making. The Euro crisis is clear evidence that we need to break out of the economic straitjacket imposed by an over-powerful financial sector (15<sup>th</sup> July 2011. [Share](#)].

Many countries, especially in the South, live in fear of what speculative capital flows might do to their economies. With the slightest rumour, such as a possible devaluation of the currency, capital can totally abandon the country, just like a herd of animals which has just been startled by a rifle shot. And it can leave overnight. It then circles around until it decided its prospects are good enough to come down somewhere else. Global capital constantly ricochets around the world in this way, driven by its quest for maximum short-term financial gain in a climate of changing expectations. This is sometimes called the new Big Brother syndrome. Governments lower their taxes on capital investment and burden their economies with huge expenditure cuts, just to remain acceptable in the “eyes” of this new, ever-watchful Big Brother. Clearly, an idol has arisen, bringing with it more fear, even terror. We have put our trust in the financial markets to save our real economies. But now the idol is staggering, as idols usually do, and now we can make out more clearly how and why its betrayal has been so profound.

### ***Climate Change and Speculative Capital***

Like it or not, because climate change and environmental degradation are linked to the world of real economies, they are developments which are linked to what happens in the financial world. The linkages exist at the levels of both economic and spiritual processes. Economically, we see that the incessant drive of the rich countries to become ever-richer materially has cast dark shadows over our climate, because of the highly intensive use of fossil-fuel energy, with its accompanying greenhouse gas emissions. Indeed, that drive looms ominously over the environment as a whole, bringing with it pollution, devastation of landscapes, loss of biodiversity, and other forms of destruction. Moreover, China and India increasingly use and pollute. But what is noteworthy here is that this economic expansion is profoundly enforced, accentuated and aggravated by pressures emanating from the

financial markets themselves. Driven by greed, the financial markets focus primarily on short-term profitability, not on long-term investments. As a result, firms and corporations have been forced to merge or simply to jettison any priority not focused on increasing shareholder gains in the short-term. This rigid enforcement means that companies and governments pay less and give less attention to climate change and other environmental concerns, especially where environmental protection measures reduce profits. If we live and move in a financial climate of money and greed, then the actual climate always suffers.

Spiritually, potential real solutions to both today's financial problems and environmental problems are deeply hampered by what we can only describe as a superficial view of human happiness and well-being. The assumption is that more material prosperity, underlined by more money, will give us all that we need. This modern understanding suffers from a profound lack of shalom. A lack of genuine peace. And no wonder: the materialization of happiness and the good life, promoted by massive advertising campaigns, is a sign of adoration or veneration. It is a sign of following a false shepherd and guide in pursuit of a seemingly new life. But Jesus is the Good Shepherd, and "the sheep follow him because they know his voice" (John 10:4). In this text, Jesus also uses the word "abundance": "I have come that they may have life, and have it in abundance" (v. 10). Life must be preserved so that we may enjoy it in abundance.

What then might following the voice of the Good Shepherd, preserving life so that all may enjoy it in abundance, look like in the midst of today's economic, environmental and spiritual crisis?

### ***A Way Forward: A Public Justice Approach***

A public justice approach suggests that governments should call upon citizens, banks, institutions and other economic actors to take up, rather than renege on, their respective responsibilities. Government initiatives must operate at this level, thus going well beyond implementing mechanical solutions, and without this they will not contribute to any genuine way forward.

In the short term, in the present crisis, a healing step would be to make government action, such as the so-called bail-outs, conditional on mortgage-holders, banks and other economic actors assuming their respective responsibilities. Perhaps the most effective approach would be to begin where the problems began, namely to make government support for banks and mortgage-holders, particularly those which pushed relatively poor people into seemingly cheap mortgages, conditional on those institutions eliminating mortgages in which interest payments escalate after the first year(s) of the mortgages. The same interest level should apply throughout the life of a mortgage; amortization rates ought not to increase. This would make it possible for at least a segment of homeowners to keep their homes, and it could help to restore confidence in the economy. In relation to the banks, government support should never be given without an agreement, in writing, that lending and credit practices return to the principles of healthy banking. The main problem was that banks lent and gave credit in an extremely careless, speculative, and expansive manner (and it was expansive

*in relation to their own capital*). Bonuses for senior executives should be abolished or at the very least severely restricted.

In the middle and longer term, a change in the structure of the national and international monetary system has become unavoidable. There has been an obvious failure of financial oversight by the FED and the International Monetary Fund (IMF). One sees this in the almost complete lack of regulation of speculative modes of investment, not to mention of the speculative movements of global capital. It is noteworthy that the ability to regulate destabilizing international capital movements remains intact in the Articles of Agreement of the IMF.

The primary task of a newly structured IMF will be to create and maintain stability in the world's monetary order. This implies that the creation of new international money must: serve the growth of the real economy, not the other way around; ensure that heavy restrictions are placed on speculation; assist nations that are altogether out of balance financially, such as Iceland, to be rebalanced. In a restructured IMF, the countries of the South need to have a real say in decision-making, and the United States must be subject to the same international rules as all other countries. In that new constellation, the IMF should focus deep economic and financial concern on the world's environmental and social sustainability, especially in dealing with the possible and desirable economic growth rates of the North and South. Further, it should institute a fairer distribution of new international money, perhaps in the form of its Special Drawing Rights, but only where poor countries have a meaningful voice and share in the distribution.

Jesus calls us to preserve life in order to enjoy it in abundance. But where material abundance, in an already rich sector or society, becomes the goal, the target being maximization, then all of us, animals included, lose life and are left empty. What good is it to conquer the world but lose your soul, your life? And today it is in these terms that we should again hear the message of the Gospel!

\_\_\_\_\_ o 0 o \_\_\_\_\_

**[Abstract: Forthcoming 2013]**  
**Economics, Christianity and the Crisis:**  
**Kuyper's Heritage and Relevance Today**

A contribution to a Kuyper symposium on Economics  
at the Free University, Amsterdam, January 2013.

One hundred twenty years ago, to be more precise on November 9, 1891, Abraham Kuyper opened the first social congress in the Netherlands. He did so with an outstanding lecture on the relationship between the so-called social question and the christian religion. He began the lecture however with a remarkable complaint: "One of the pitiful fruits of state monopoly, which continues to increase in this country's universities, is that we have not yet even produced academic specialists. None of us at this Congress stands out as an expert in economics."<sup>48</sup>

The above is the opening paragraph of the author's contribution to the "Amsterdam Kuyper Seminar" which considered "Economics, Christianity and The crisis: Towards a New Architectonic critique" convened by the Faculty of Philosophy, Free University, Amsterdam, January 8-9 2013. The proceedings from this seminar will eventually be published under the auspices of the VU-University Press.

[www.wijsbegeerte.vu.nl/en/news-events/events/2013/amsterdam-kuyper-seminar.asp](http://www.wijsbegeerte.vu.nl/en/news-events/events/2013/amsterdam-kuyper-seminar.asp)

\_\_\_\_\_ o O o \_\_\_\_\_

---

<sup>48</sup> Abraham Kuyper **The Problem of Poverty** edited James W Skillen, Washington and Grand Rapids, Center for Public Justice and Baker Book House, 1991 p. 23. This was a translation of *Het sociale vraagstuk en de Christelijke religie* Amsterdam, J A Wormser 1891. An earlier English edition was translated by Dirk Jellema and published as *Christianity and the Class Struggle* Grand Rapids, Piet Hein, 1950.

# **[Abstract: Forthcoming 2013] Reformed Christian Economics**

Bob Goudzwaard and Roel Jongeneel

Roel Jongeneel is (Assistant Professor of Economics at Wageningen University). This is chapter 12 of the forthcoming Oxford Handbook of Christianity and Economics Edited by Paul Oslington Professor of Economics, Australian Catholic University. The abstract reads:

Within the Reformed Christian tradition there is a diversity of economic thinking. Contributions differ with respect to their theoretical significance, scientific originality and typicality for the reformed tradition. Four different typologies or approaches are distinguished: some use a single normative key-concept, while others choose to embed their approach in an existing school, which they try to correct. In addition a welfare-approach and a renewed normative approach are distinguished. Of the selected studies that are analysed the normative institutional contributions are argued to provide the most influential and systematic type of reformed economic thought.