

JOURNEYINGS TO GREATER WELLBEING: RECONNECTING POLITICAL ECONOMY TO ETHICS AND RELIGION AS FAITHFUL ECONOMICS

There is much talk, but little substance, of bringing ethics back into finance and economics. This paper tries to remedy that deficiency in two parts: what problem, and what ways forward.

Part 1. the Problem. What's Gone so Badly Wrong and Why?

I note some consensus on short and long term analysis of our current financial and economic crisis.

First, analysis of the current situation recognises a crisis of global wide financial systems linked to economic recession - the worst since 1945, if not 1929. All acknowledge the global interlocking of financial and economic systems. Explanations recognise the overreaching of credit and risk assessment, linked to overvaluing financial assets, linked to global imbalances between major surplus economies of the East and indebted West. These trends generated, and in turn were fuelled by, increasingly complex financial instruments and speculation, and the development of extra traditional banking systems, including complex investment conglomerates, private equity and hedge funds. They generated excessive rewards for a few, contributing to extreme inequalities and unaccountable politic influences.

Commentators attribute these crises and excesses to such morally obvious deficiencies as greed, but there is likely to be broader and deeper connections between such economic breakdown and the erosion of the ethical and religious foundations of personal, community and national wellbeing. It is therefore essential to connect findings in wider wellbeing literatures with the primarily economic analysis of the current crisis in two areas:

- a. The argument that there is a recurring gap between technological – economic discoveries and the ethical-religious capacity to engage them effectively.
- b. The argument that there was a grave erosion of the value – laden social and religious capital from 1960-2000, described as the Great Disruption.

Second, such analysis needs to be located in the historical context of wider frameworks or cycles.

This analysis crosses disciplines and ideologies, working with 4 cycles, from Italian dominated (15th century), Dutch (17th century), and British (19th century), to American (20th century). These cycles correlate political-strategic and economic systems, including as the development of capitalism. For example, Arrighi's interpretation works with 4 stages in each cycle, moving from capital accumulation principally through new productive energies and systems, to capital accumulation principally through the development of financial instruments. The latter stage signals the end or collapse of a cycle, but also leads into the first stage of the new cycle. The fourth American led cycle entered into its final turbulent financial stage from the 1970s to the present, probably ending in the current financial-economic crisis.

This historical interpretation of recurring excesses as financial capitalism is reinforced by other interpretations, namely Galbraith's A Short History of Financial Euphoria, Keynesian critique of market equilibrium, and Marxist rejection of capitalism's intrinsic contradictions.

Note these wider interpretations do not recognise the essential contribution of ethics in wider societies to market economies. Nor do they recognise the exceptionalist argument in the literatures – that ignoring or underplaying the importance of religion in society and political economy is a modern western phenomenon, and exception to wider history and contemporary global experiences. Addressing these deficiencies leads into the second part of this paper.

Part 2. Ways Forward: The Contribution of Ethics and Religion to a Political Economy for Wellbeing

This argument develops through 3 stages: the need to reconnect political economy to ethics and religion; the implications of this for ethics and religion; and how the results can be formed into programmes for more sustainable economics.

Stage 1. Reconnecting political economy to ethics and religion

This works with two hypotheses in recent secular research:

First, Clark's pioneering developments in economic history elaborate understandings of the dramatic historic movement in wellbeing from the Malthusian Trap of absolute scarcity characterising virtually all history, to an increasingly post-Malthusian Trap or postscarcity era from the late 19th century onwards. The latter is characterized by very different concerns for wellbeing than required by absolute scarcity. It is reflected, for example, in the happiness hypothesis – that since 1950, increasing prosperity driven by economic growth has not resulted in increasing happiness. Other matters, ethically and religiously informed, become of greater importance for wellbeing than economic factors, including families, friends and philosophy of life.

Second is the argument that economic cycles interact with other cycles, including religious, as integral parts of the drive to greater wellbeing. For example, Fogel, Nobel Economic Laureate, works with the breakthrough in technophysio evolution, as the interaction of technology–economics and physiology, reflected in dramatically increasing life expectancy. This also represents the emergence of more immaterial (postscarcity) agendas (working with a material – immaterial continuum) in terms of human development - and is reflected in increasing emphasis on personal and communal self-realisation, including as various forms of spirituality. Fogel then recognises the interaction between this technophysio evolution, political realignments and religious Great Awakenings in the USA – and links these to the pursuit of more egalitarian agendas (essential in happiness research, since improving wellbeing means reducing inequalities).

Both the Clark and Fogel arguments are supported by wider research, recognising the central role of ethics and religion–spirituality in such an emerging post-Malthusian Trap era – with profound implications for engaging our current crisis.

Stage 2. Reformulating Ethics and Religion, in such a Context, for Reconstructing Political Economy.

We have seen how explanations of the current crisis and suggestions for more adequate ways forward acknowledge the role of ethics and religion. These secular judgements are confirmed by experiences of ethics and religion in contemporary society. This approach is confirmed by our happiness research project – that secular literatures refer to but do not elaborate the important role of ethics and religion in contemporary constructs of happiness – so our research and this paper seek to flesh out that contribution.

Ethics in economic analysis and reconstruction.

This task of ethics is suggested by current statements on the crisis and its solutions – for example, President Sarkozy’s call for a ‘new form of capitalism based on moral values’, Robert Peston’s (BBC Business Correspondent) arguments for a ‘new more humane capitalism’, and the psychologist Oliver James’s promotion of ‘unselfish capitalism’.

These judgements are confirmed by my Transfiguring Capitalism, and its recognition of the regular, positive interacting of moral and economic understandings as essential for more adequate political economies. These concepts emerge from recent literatures, now connectable to the unfolding present crisis. They include arguments for moral economy, moral entrepreneurs, moral globalization, moral growth, moral citizenry, moral education and moral impact audits. To illustrate how these judgements relate to developing more ethically adequate political economy, here is Nobel Economic Laureate Stiglitz’s use of moral economy – ‘In short, the debate should not be centred on whether one is in favour of growth or against it. The question should be, are there policies that can promote what might be called moral growth – growth that is sustainable, that increases living standards not just today but for future generations as well, and that leads to a more tolerant society? Also what could be done to ensure that the benefits of growth are shared equitably, creating a society with more social justice and solidarity than one with deep rifts and cleavages of the kind that became so apparent in New Orleans in the aftermath of Hurricane Katrina’.

These contemporary judgements can be profitably located in the long historic tradition of interacting positive and normative features of modern political economy, from Adam Smith and the Revd. Thomas Malthus to Keynes and then Sen today (another Nobel Economic Laureate). The latter usefully distinguishes between ethical and engineering economics. My research in the happiness literatures confirms this importance of ethical economics. For example, it notes the increasingly robust nature of what has been inaccurately and pejoratively described as subjective wellbeing – and how such hard empirical material is also reinforcing the ‘objective’ nature of the ethical dimensions of such wellbeing research. So, with regard to wider happiness research, including its ethical dimension, the psychologist Diener concludes: ‘We are optimistic that just as science transformed our material world in the 20th century, it can revolutionise our understanding of happiness in the 21st century’. It is this character of objectivity which also links to the ethical dimension of wellbeing. It is the moral core of the human which Adam Smith could be seen to refer in his Theory of Moral Sentiments (1759), indispensable complement to his later Wealth of Nations (1776), when he judged that ‘The present inquiry [into moral sentiments] is not concerning a matter of right, if I may say so, but concerning a matter of fact’.

It is these judgements on the objectivity of ethical as well as engineering economics, from the early and latest research in political economy, which now suggests interacting ethical and engineering economics in what I will call ethical engineering as new tool for reconstructing political economy post crisis.

Religion’s nature and role in economic analysis and reconstruction.

This argument is drawn from contemporary multidisciplinary literatures, suggesting new evidences for the nature and role of religion in the present crisis in its wider context. This reformulated understanding of religion’s contribution to wellbeing allows me to develop its contributions to political economy in terms of values and practical outcomes.

The argument moves through 4 stages:

The first stage establishes the connection between economic and religious cycles as a continuing phenomenon, leading to the judgement that a new understanding of cycles may be emerging strongly cementing the necessary interaction between economic and religious cycles for the common good of all. Details of this thesis include:

a. The argument that religious cycles – as Great Awakenings in the USA – parallel and interact with economic cycles – and is particularly suggestive in relation to the current ending of the 4th economic cycle (American dominated) and the birth pangs of a new 5th cycle in the 21st century. In the history of US Awakening cycles this links to McLoughlin and Fogel's arguments for a 4th Great Awakening in the earlier stages of which we are now located.

b. It is this continuity of interacting economic and religious cycles which may be entering a new state of cycles – say according to Fogel's interpretation which decisively broadens the variables in this interactive process. So he interacts technophysio evolution with political realignments and with religiously inspired Great Awakenings in the USA. It is this current 4th Great Awakening which suggests fundamental changes in the nature of cycles through the development of material changes into immaterial agendas (including religion and spirituality, the latter broader than former). These judgements are powerfully reinforced by happiness research suggesting the necessity yet insufficiency of economic drivers for attaining greater wellbeing. This, in turn, reinforces the renewed and new importance of religion with ethics in a renewed political economy for reconstructing wellbeing.

The second stage analyses these religious awakening cycles suggesting a complexity of religious expressions from 'old light' traditional orthodoxies to 'new light' progressive orthodoxies – so this current 4th Awakening includes forms of globally resurgent religion – as orthodoxies, evangelicalism and Pentecostalism – but also more postmodern expressions, including spiritualities, environmentalisms, alternative medicines and youth cultures – reflecting the move from material to immaterial emphases. This also has implications for technophysio evolution relating to health, education, environment and culture – and its interaction with political realignments – all of which Fogel links to pursuing more egalitarian societies.

The third stage reflects how I have moved beyond understanding religion in the public sphere through its operational character, working from partnerships with others (faiths, government, business, civil society) to distinctively different programmes (Jubilee 2000, fair trade, Muslim interest free banking). Instead, I now work with understanding religion as a field of influence as in itself offering added value. Only then is its operational character considered.

This new understanding religion embraces conversations and practices in the public realm not least because it emerges from the disciplines of economics, psychology, sociology and theology.

This added value understanding of religion focuses on interacting its energising force with its outputs. Both demonstrate clear added value, including compared with secular equivalents. Neither are really acknowledged or understood by secular society, including government. This ignorance particularly applies to the value and role of the energising force. Because this new understanding of religion has added value plays such an important role in future engagements with political economy it warrants elaboration drawing on religious and secular sources.

The religious sources draw on:

- a. The WTF's current research which understands religion as added value by distinguishing between two profoundly interacting formations of religion: as religious capital (the practical contributions to society and wellbeing), and as spiritual capital (the energising force behind religious outputs, including public and private worship, lived narratives and themes, including repentance, forgiveness, transformation).
- b. Leslie Francis' research indicates the positive contribution of religion to wellbeing as a measurable phenomenon, by correlating his scale of attitudes to Christianity (as God, Jesus, Bible, prayer, church) with the secular Oxford Index of Happiness.

The secular sources confirm this distinctive character of this energising force of religion's added value. I will develop this as a working profile with the following principal features: (D. refers to the psychologist Diener; L. – the economist Layard; S. – the sociologist Swinton).

1. Comforting beliefs (D), as generating positive emotions, including forgiveness, hope, transformation (S).
2. Connections to a reality greater than the self (D) – that 'people who believe in God are happier' (L).
3. Experiences of ritual (D), including meditation, both secular and religious (L).
4. Regulation of life style and behaviour (restricting alcohol and drug intake) (S), and acquisition of life skills (S), including participation in society (L), and coping skills for illness, stress, loss (S), and for better health especially mental health (L)
5. Social support and networking (D,L, S)
6. Growing up religiously (D, L, Good Childhood report etc).
7. All sustained by, and in turn generating, a philosophy of life, including a common good (L).

The fourth stage reveals how this added value of religion's essential character is then embodied in and confirmed by its outputs. Reinforcing the empirical character of the ethical and now religious contribution is the measuring of such religious added value in relation to equivalent secular outputs – for example, Putnam's work on the added value of church and Christian contributions to the USA, and the English Northwest Development Agency's economic costings of religious contributions to civil society.

It is this distinctive added value of religion which is then reflected in particular ways of operationalising such religion – specifically, in this case, in terms of its contributions to reformulating political economy. For example:

1. Through religion's historic and contemporary contribution to forming character, values and virtues impinging directing on political economy, and needing enhancing and enlarging. Traditionally these values and virtues have included: accepting responsibility, trust, truth-telling, thrift, hard work, benevolence, compassion, creativity, justice and peace. Although these values have been strongly generated by religious communities, they do permeate secular societies, even though they may well thereby lose strength the more they are disconnected from traditioning communities. There is much evidence in contemporary philosophy and theology that values divorced from character formation and its nurturing of virtues in traditioning communities are unlikely to be as effective (so secular societies and cultures are less likely to generate such virtues, however much government strives to accomplish this, in order, say, to combat the major rise in crime, family breakdowns, teenage pregnancies, erosion of trust and volunteering and addressing the moral roots of the current financial-economic crisis). There is, in addition, important evidence suggesting that such character and virtue formation relate also to the protestant

work ethic – and its continued operation, from Pentecostalism in Latin America and Africa, to religio-ethical systems in China and Japan for generating character, virtues and values. There are important overlaps here with the tradition of ethical economics.

2. Through religion's historic and contemporary practical contributions to renewed political economy, including as struggles for economic justice, service to the marginalised, etc. These can be operated:

- a. In partnership with others as expressing shared values.
- b. As more critical of and sometimes embodying alternatives to mainstream political economy (for example, Jubilee 2000, fair trade, and the Muslim interest free banking).

Stage 3. Putting Such Ethics and Religion to Work: Outlining New Faithful Economics.

Such ethical – religious contributions would necessarily work alongside others, committed to a reformulated global, national and community common good. It would include the two modes of operating, as partnership and interdisciplinary working, and as more distinctively different religious contributions. As an exercise also in ethical engineering, it would embrace 3 dimensions, ecumenical, sacramental and grace, as new faithful economics. These shape the following programme:

1. Promoting an ecumenical economy (to the whole inhabited world) by developing political economy in an increasingly globally interconnected context.

- as recognising the necessity and value of human interrelationships and interdependencies (strong in happiness research).
- as developing ways of cooperating for global, national and community common good (reinforced by happiness and social capital literatures).

Such values would require:

1. commitment to peace, security and justice – essential for sustainable political economy in general, and of particular relevance for addressing the bottom billion (Collier) in the most failing states (necessary for delivering the UN's Millennium Development Goals by 2015). This recognises, too, the interdependence of sustainable economies, and of strong political participation (key features of social capital and happiness literatures, and faith's added value).

2. Commitment to global trade and production, increasingly ethically informed – and inspired by fair trade experiences, so that 'such principles will become like worker safety and environmental regulations in the North – minimal standards that are a given for all international production, and not just a niche market'. This is to mainstream the ethical.

3. Commitment to financial markets, ethically informed and proportionate – that is, not disconnected from ethical values and real economies and societies, but located in robust relation to them. This would involve the collaboration of financial experts with ethicists working on guidelines for the financial system in order to engage the immediate and longer term causes of the current crisis and its profound ethical deficiencies – and recognising the need to address the likely consequences of such proposals – that they must contribute to, and not unduly damage, greater human wellbeing. These areas are likely to include:

- cross border trading in financial instruments
- reforming IMF and World Bank
- more effective regulatory systems, including of banks, hedge funds and private equity

- fair and efficient tax systems
- addressing income and wealth inequalities
- supporting alternative financial systems
- developing real wealth measurement systems.

2. Promoting a sacramental economy - as material-immaterial economies with new productive systems for the emerging cycle in the 21st century.

These reflect growing trends to more postmodern and postindustrial economies and systems by promoting emerging productive capacities, including through techno-physio evolution and including as interacting with religious, spiritual and ethical awakenings – and as embodying growing trends moving into more immaterial as well as material concerns. These initiatives also recognise the continuing and growing importance of wealth creation and employment (income and jobs feature strongly in happiness research) as interacting with the pursuit of personal and communal self-realisation and more holistic development. These new productive capacities include:

- a. health services, technologies, finances and personal developments.
- b. education across lifetimes as a value in itself for human fulfilment, with skills acquisition as only part of such a commitment.
- c. cultural pursuits – key feature in the economist Scitovsky's pathfinding Joyless Economy (1976) and including attendance at plays, musicals, rock concerts, art exhibitions, carnivals, museums, etc (chief executive of the AHRC in 2008).
- d. environmental sustainability and technologies, including strategies for land, water, atmosphere, energy.

3. Promoting an economy of grace – as critiques of and alternative to current mainstream economic activities, and including:

1. An economy of regard (Offer), embodying such values as reciprocity and benevolence (essential values in happiness and social capital research) and including personal, household and community activities, including:

- a. voluntary or gift work, and voluntary bodies including faith-based (volunteering and altruism are central features of strong wellbeing)
- b. work relating to households, including caring for the vulnerable (growing elderly population) and the nurturing of children (high priority in wellbeing researches)
- c. family enterprises, including as small businesses.

2. A complex of economic activities and enterprises, based on cooperative, social and public minded principles as beyond mainstream capitalist for private profit systems and values. These include:

- a. cooperatives, including the cooperative movement (as ethical farming, production and trading), and such innovative systems as Mondragon in Spain and the John Lewis Partnership in the UK.
- b. a wide variety of social enterprises, including faith-based, in agriculture, production and retailing, and in the service sector.
- c. as employee share ownership schemes, including as expansion into cooperative-based ownership.
- d. as financial institutions, including mutual societies, credit unions, micro finance, and ethical banks.

3. As directly religiously inspired economic activities, including:

- a. fair trade – as contemporary reworking of the religious tradition of the just price

- and wage – systems not shaped predominantly by the market mechanism.
- b. Jubilee 2000 and international debt remission, particularly in relation to the poorest and most heavily indebted nations – extended to personal debt and thrift issues.
 - c. Muslim interest free banking, corporate financing, mortgages, and personal credit systems.
 - d. local faith-based initiatives, providing clear added value, often as alternatives, to equivalent secular based systems – for example, Christian medical services in Uganda; Muslim pre-school madrasas in East Africa; circles of support, Mennonite in origin, for prisoners, including paedophiles, in Britain; and homelessness services in Britain, etc

Appendix. Principles for economic wellbeing

In 1941, in the midst of one of the greatest crises Britain has ever faced, William Temple and William Beveridge worked on the reconstruction of Britain as a welfare society. The collaboration linked practical details of a welfare state and the ethical-religious understandings which energised and shaped it. At the end of Temple's seminal Christianity and Social Order, written in 1941, and developing his contribution to the reconstruction debate, he produced 6 guidelines, essentially middle axioms. They performed a dual function in Christian social ethics, as critiques of the existing social order, and principles for reconstruction.

In 2009, in the midst of the greatest economic crisis Britain and the world have faced since 1929, 7 principles emerge out of the participation of ethics and religion in interdisciplinary conversations over economic, social and personal wellbeing:

1. The nurturing of children in the material – immaterial experiences of life, including support for strong, loving and secure family life, with a high priority on marriage – including if necessary, high quality child care provision, adequate income, and addressing the work-life balance of parents. Particular priority should be given to the first 3 years of a child's life.
2. The commitment to education as life long learning in the knowledge of the world ethics and religion, as of value in itself, linked to strong, rich cultural contexts, with skill acquisition only part of such processes.
3. Developing health as personal and communal wholeness, including as holistic life styles, traditional and complementary medicines, and including affirming the spiritual dimensions of life.
4. Recognising the importance of income and work for wellbeing, including affirming the principles of justice in the formation of prices and wages within and between nations.
5. Fostering care for and delight in the good stewardship of the created order, especially as environment, and paying unequivocal regard to its sustainability.
6. Promoting an ethical finance, including by subordinating financial systems to the personal and common good of all, and by encouraging modest lifestyles including thrift and addressing excessive debt - all to be located in and sustained by a movement from material to immaterial concerns in the development of wellbeing.
7. Promoting more egalitarian societies and way of living, including the distribution of income, wealth and culture.