

Implications of the financial crisis and the recession

At their meetings in November and December the Archbishops' Council and House of Bishops both concluded that it was imperative for the Synod, in February, to devote some time for reflection both on the causes and significance of the world financial crisis and on the specific implications for our ministry to people and communities in this country struggling with the practical consequences of the downturn.

This report, prepared by The Revd Dr Malcolm Brown, Director of Mission and Public Affairs, looks at the emergence of the credit crisis and its rapid deepening into recession and notes some of the key policy responses of the government and the opposition. It explores some of the policy issues with which governments here and overseas are wrestling. It offers some Christian insights while rightly emphasising that there can never be a single Christian view on economic or regulatory policy.

The report goes on to consider how the Church of England can be part of the debate about the future shape of our society and how it can make a difference on the ground, practically.

In doing this, the challenge we face is for the church both to engage with policy makers and to stand alongside those at the sharp end of the financial crisis. We need a big vision for the economic and community life of our nation, and the church is well placed to contribute to this.

What we do will always be at least as important as what we say. The examples of what is already being done in a number of dioceses are offered as an encouragement to us all to think what more we can do to bring the love of Christ to our country at this moment of great need and opportunity.

SENTAMU EBOR
January 2009

Part I Recession: the current crisis and Government responses

We have been persuaded to believe it is possible to borrow our way into prosperity without self-discipline and sacrifice.

Our addiction to borrowing has become inordinate and the deluge of communications from banks and others seeking to persuade us to take out fresh loans has contributed not a little to the crisis.

It is becoming clearer how far we have been mortgaging our children's tomorrow to fund our today, both financially and in our use of the finite resources of the earth.

The Bishop of London, quoted in the Daily Telegraph, 30 December 2008.

The crisis that threatens us also seems to be us; we are simultaneously menaced by the wave, and exist as elements of the wave. After all, that is what an economic crisis is: the sum of all the individual actions of billions of people around the world, deciding whether to lend or hoard, borrow or save, sell or buy, move or stay, hire or fire, study or look for work, be pessimistic or optimistic.”

James Meek, in The Guardian, 5 January 2009.

1. Much has been written and said since the ‘credit crunch’ started in August 2007 and it is not the purpose of this paper to rehearse the sequence of events in detail or to analyse the policy responses of the Government – or indeed other Governments – to what has already been an international crisis of great severity. The Synod will have the chance to explore some of the explanations for the crisis on Tuesday 10 February when Andreas Whittam Smith facilitates a conversation with Brian Griffiths, Vice Chairman of Goldman Sachs International since 1991, and Bishop Peter Selby.
2. This first part of the paper aims simply to marshal some useful reference material about the nature of the crisis and government responses to it.
3. Whilst many sets of figures could be adduced to characterise the current financial situation, a few will serve as illustration. Industrial production in Britain fell by 1.7% in October 2008 from the month before: the biggest drop since January 2003 and three times the fall predicted by City economists. Output has fallen 5.2% from a year previously, the steepest annual drop since April 1991. Britain’s trade gap with the rest of the world in goods widened in October to £7.75bn.¹ Such figures clearly illustrate an economy in, or heading rapidly towards, recession: one widely predicted to be severe by post-war standards.
4. As the economy contracts, the pressure on public spending – not least to meet a growing welfare bill – increases. In addition, the government has attempted to stimulate the economy and stave off a banking crisis. As a result, public sector debt is rising, **Public sector net borrowing** during the first eight months of the 2008-09 financial year was £56.1bn: 92.1% higher than the same period last year. The next four months is also expected to

¹ Figures from the Office of National Statistics.

see a further increase in borrowing of around £5bn as a direct impact of measures announced by the government but yet to be fully reflected in the monthly figures for borrowing. The pre-Budget Report (PBR) forecast net borrowing of £77.6bn on 2008/9 – equivalent to 5.3% of GDP. Public sector net debt was forecast to be £602bn in 2008/9 – equivalent to 41.2% of GDP.²

5. It is already clear that the recession is going to be more pronounced than most people in Britain have ever experienced. There are some indications of the social impact to be gleaned from the experience of the 1980s downturn, but the parallels are not precise. Nor is there any clarity about the likely duration of the downturn. Commentators are united in the view that recessions always bottom out and are followed by some sort of up-turn, but no-one is confident in predicting when. The shape of the economy (and society) which may emerge is unclear, although there are good reasons to be anxious, not least the rising unemployment figures.

Government responses

6. The British Government's response to the crisis has essentially involved three lines of approach:
 - Very large amounts of government money pumped into the financial system to buttress the banking system and provide sufficient stability for the banks to resume lending (at lower levels than before) and thus keep credit flowing. By the end of 2008, the British government had committed the equivalent of £1,000 for every man, woman and child in the country to supporting the banking system.
 - Encouraging the Bank of England to make large reductions in interest rates, aiming to ease the debt crisis and stimulate credit flows. By January 2009, the sterling rate of interest had fallen to 1.5% - the lowest since the Bank of England was founded in 1694.
 - Reductions in taxation (specifically VAT) as a temporary measure to stimulate spending and thus generate economic activity, but with increases in taxation already signalled for the medium term.
7. In the USA, government has similarly injected billions of dollars into the banking and mortgage systems to try to prevent complete collapse. As the Obama administration prepares for office, there are reports of plans for an even greater rescue package – totalling, perhaps, \$700bn – geared to ameliorating the downturn in employment and seeking to give a fillip to “green” projects which will enhance future sustainability.
8. Many of these steps are deeply at odds with the prevailing economic orthodoxies of the last thirty years. Any prediction, even a year ago, that the Bush administration in the States, or even Britain's New Labour government, would embark on what amounts to a massive programme of nationalising financial institutions would have been laughed out of court.
9. The extent of Government borrowing in the United Kingdom has become a matter of political contention. By international standards our stock of debt

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Figures from the Institute for Fiscal Studies and Office of National Statistics.

is relatively modest. But following more than sixteen years of uninterrupted economic growth we have high levels of annual borrowing, even before the cost of the recent measures and of the increased welfare payments that will be triggered by increased unemployment. So there are genuine concerns about what the medium and long term effect will be of steeply increasing levels of government debt over the next few years.

10. The steep reduction in interest rates may stimulate exports and help to retain wealth within the country. However, decades of manufacturing decline have seriously reduced Britain's ability to benefit from the export stimulus of a weaker currency. A boom in tourism, which usually accompanies a steep fall in the pound, may be moderated by the depth of recession in the United States which has hitherto been a significant generator of British tourism.
11. Lower interest rates also have a significant effect upon anybody who relies upon investment income – and this applies to corporate bodies as well as individuals. The impact of low interest rates upon those living on savings is clearly going to be very serious indeed and the big falls in the markets are bad news for those about to retire and buy annuities as well as for pension fund trustees trying to manage the declining number of final salary schemes that are now open outside the public sector.
12. Charities may be particularly hard-hit by a significant and sustained drop in interest rates. As government policy has, for many years, looked to the Third Sector to act as a stimulus to the national social welfare programme and, increasingly, to deliver welfare on the ground, this could see charities increasingly dependent upon the scramble for government funds with the distinctiveness and diversity of the third sector under grave threat.
13. At the start of 2009, the Government appears to be waiting for evidence of the impact of its early counter-recessionary steps. The immediate and overriding priority of preventing a collapse of the banking system in October was achieved. Beyond that, such evidence as there is suggests that the policy measures may have had some mitigating effect. But the markets remain volatile, unemployment is now rising rapidly and the risk of the first period of deflation since the 1930s is increasing. 2009 will be very difficult and few expect 2010 to be easy. It will be some time before the depth and length of the recession can be predicted with confidence.

What Might Government Do Next?

14. Since the late 1970s, successive governments in Britain and the USA have maintained that there is no alternative to a deregulated market: all that government can do is to manage the context more or less effectively from the margins. So one option open to government is to leave things to the market's own mechanisms. If it is true, as has been claimed, that the market is a self-stabilising mechanism, and that the effect of government intervention is so unpredictable that the best intentions can lead to the worst outcomes, it may be best to allow the market to stabilise itself.

15. Yet the current crisis is a reminder that, although markets may eventually right themselves, their cycles can be so extreme as to cause unacceptably high social and political costs without some measure of government intervention. In addition it serves to highlight the importance – and difficulty – of effective regulation.
16. So what alternative intellectual tools can be deployed to offer a critique of how we got into the present recession and suggest a way out of it into a more stable and sustainable economic future?
17. As Larry Elliot points out, there is something of a vacuum where we might expect alternative models to be found.³ The intellectual opposition to Keynesianism began to emerge almost as soon as Keynesian policies became mainstream. Friedrich Hayek published his seminal text, *The Road to Serfdom*, in 1944 and the “Chicago School” of economics, embracing the thinking of Hayek and Milton Friedman, emerged soon afterwards.
18. Whilst the so-called post-War social consensus which endured until the late 1970s drew (at least in theory) on Keynesian economics, the Chicago school provided the intellectual underpinnings for Keith Joseph and Margaret Thatcher (and later, the Reagan administration in the USA) to develop into policies as soon as they were in a position of power. Thus the theories of the academy generate the ideas which, in time, can shape the political and economic weather. In 2009, no similar body of alternative academic thinking appears to be waiting in the wings.
19. Elliott’s assessment of the policies introduced so far are that they amount only to a “bastard Keynesianism”. Keynes maintained that finance, left to itself, is reckless and that social goals require strict rules about what finance can and cannot do. He challenged the assertion that markets allocate capital most efficiently by replying that efficiency and effectiveness are different criteria, and that effective allocation of capital required political intervention to ensure that capital is used to achieve useful ends rather than simply accumulating through speculation.
20. In other words, Keynes called for governments to take permanent and active control of the major financial levers that can control capital and direct it to socially beneficial ends. So far, in the current crisis, nothing of this nature has been seen. And whether it is fact achievable and desirable in a world vastly more globalised than the one that Keynes knew in the first half of the twentieth century is in any event uncertain.
21. One of the problems militating against the application of Keynesian economics today is both a political and (perhaps surprisingly) a theological one. From Jeremy Bentham onwards, the market mechanism has been regarded as the most effective way to distribute wealth amongst a “society of strangers”. In contrast, Keynesian economics require a great deal of social consensus about the proper ends to which capital should be directed and a degree of agreement about the nature of social justice.

³ Elliot is Economics Editor of *The Guardian*. These comments were made by him at a seminar at the Institute for Public Policy Research (IPPR) on 18 December 2008.

22. The Chicago School maintained that what passed for social consensus, in a modern, plural, society, amounted to rule by an elite – in other words, that the impression of consensus concealed self-interested power and that, in fact, we are no more than a society of strangers, each pursuing his or her own interests. For Hayek, the very idea of social justice was a mirage.⁴
23. For such a society, the necessarily amoral and anonymous mechanisms of the market were considered the only appropriate distributional mechanism. This ideology, which dominated the policies of the Conservative governments of 1979–1997, became the global economic orthodoxy.
24. Any government considering the re-introduction of Keynesian economics would have to ask whether the social fabric was capable of delivering sufficient consensus about economic ends to make such policies democratically viable.
25. Likewise, the churches face the interesting question of whether the nation is in any viable sense bound together in a common ethic (to which the Christian faith may have contributed) and how far the communitarian assumptions behind scripture and the gospel message are compatible with the more atomised and individuated society for which the theories of market economics were designed (see Part III below).
26. If, despite the difficulties, it were decided to attempt a more confident reassertion of governmental control on an essentially Keynesian model, where might a pragmatic Keynesianism be most effectively applied?
27. The first, and probably most important, area of concern would no doubt be the **regulatory structures** of the banking and finance sectors. The massive government support for the banks will inevitably increase government influence, even assuming that the government continues to hold back from full blown nationalisation. The question is whether the Government decides to constrain the banks' speculative activities, for example by increasing their capital requirements.
28. If, as has been suggested, the banks are too big to be allowed to fail, one step open to government might be to promote a reversal of the recent trend towards bank mergers and to encourage the development of more, smaller, banks. The rush by most of the former mutuals (the building societies) to become banks has also exacerbated the depth of the crisis and the exposure of ordinary families to higher levels of financial risk. The return to mutual status would be difficult to achieve but may no longer be unthinkable.
29. Some forms of **credit control** might also be considered to help ensure that money injected into the economy contributed to effective investment programmes and did not simply generate a new burst of speculation.
30. One difficulty, though, which any government faces in regulating the financial sector is the increasingly mobile nature of global capital. Decades in which policies favoured deregulation and removed political controls

⁴ Friedrich Hayek, *Law, Legislation and Liberty, Vol.2: The Mirage of Social Justice*, London: Routledge and Keegan Paul, 1976.

have created a situation where capital is prone to seek out the parts of the world where profit potentials are highest. Thus government interventions which put other ends ahead of pure profit (or are perceived to do so) would face the threat of capital abandoning Britain for less regulated regimes.

31. There are serious limits to the ability of any government acting alone to address this issue. In Britain there is the added consideration that relatively light regulation has helped the City to become one of the world's most important financial centres, and the overall economy has depended heavily on this. Nevertheless the balance of regulation is clearly in need of review.
32. One step, which has been hinted at although not yet acted upon, is the **abolition of tax havens** which currently operate within British political jurisdiction and which have allowed banks and others to realise very large profits without making a commensurate contribution to the Exchequer.
33. The government has already acknowledged that reliance on **interest rates**, almost to the exclusion of other levers of economic control, has seriously constrained its policy options. The political mantra that levels of **tax** – and especially income tax – could only go down will clearly now be tested, not least given the high levels of public spending that are going to have to be financed for some years to come.
34. One area of continuing anxiety is the state of the **housing market**. Most coverage in the media focuses on house prices and the impact of their rapid fall. But equally worrying is the impact of the recession on house building. New house starts have now fallen to the lowest level since 1924.
35. As most of our towns and cities bear witness, it was a massive burst of house building in the 1930s which did much to reinvigorate the economy in the wake of the Depression. Moreover, the recent housing bubble was seriously exacerbated by a considerable shortage of properties as the demand for housing outstripped supply.
36. To emerge from the current recession into another housing shortage would be to recreate exactly the conditions which precipitated the unsustainable boom. Therefore there is a strong case for action to avert a future shortage of houses – both to stimulate economic activity and to generate a more sustainable and less volatile market.
37. An area of economic activity which has had less coverage in the media is the role of Britain in the international economy, and specifically in terms of **world development** and **climate change**. There is a considerable danger that the **Millennium Development Goals** and measures to mitigate the effects of climate change may be regarded as “unaffordable” or politically difficult to prioritise.
38. There are signs that the Obama administration in the USA is preparing to build sustainable development into its economic strategy for combating recession – but, naturally, the hard policies have not yet emerged.
39. Some have argued that the time is propitious for introducing the so-called **Tobin Tax** on international currency exchanges. The Tobin Tax is a tax on

international currency speculation, designed to assist in stabilising currencies. The idea has been strongly taken up by some development agencies arguing for a Tobin Tax hypothecated for development purposes.⁵

40. Clearly, a Tobin Tax, even at very low rates, could raise considerable sums – in November 2007, the global currency market was worth about £400,000bn p.a., trading in Sterling alone amounting to some £34,000bn p.a. In November 2007, the All Party Parliamentary Group for Debt, Aid and Trade called for more government research into the potential of a Tobin Tax. Opinion on both left and right is, however, divided about the viability of the Tobin Tax and the Prime Minister has made it clear that he does not believe that a workable scheme has yet been devised.
41. To sum up, our Government, like others, faces tough choices over the future of financial regulation, levels of taxation and the extent to which the main levers of economic activity should be in private or public hands. The received orthodoxy of the past three decades has taken a pounding, yet there are no intellectually compelling alternative models ready to pull off the shelf. We are moving into a new and uncharted period.
42. The likely social impact of the recession, sketched out below, does, however, suggest that pragmatism alone may not be enough. This recession will change the social fabric at least as dramatically as the recession of the 1980s. For better or worse, the government of the day knew then what shape of society it hoped to see emerge – in other words, the Thatcher administration had a moral as well as an economic agenda. As we shall see, much remains to be done if a moral agenda, which is also economically sensible, is to emerge from the present crisis.

⁵ After the breakdown of the fixed exchange rate system in the 1970s, James Tobin, a Yale economist and Nobel Laureate, proposed that a currency transactions tax be imposed in order to slow down speculative movements of currency and give governments greater ability to manage their own domestic monetary and fiscal policy. Since the '70s this proposal has been adapted in several ways – especially with a view to generating a fund for world development. War on Want has been a major champion of the Tobin Tax. (See: <http://www.new-rules.org/docs/tobintax/debatingthetobintax.pdf>)

Part II The Social Impact of the Recession

When a big bank or car company goes bankrupt, it gets bailed out, but no one seems to be bailing out the ordinary people who are losing their jobs and seeing their savings diminished.

The Bishop of Durham, quoted in The Sunday Telegraph, 29 December 2008.

43. Exactly how the recession will affect British society, and the nature of its impact upon families, social attitudes and institutions, is inevitably speculative. Nevertheless, some things are clear.
44. **Unemployment** is rising sharply. Predictions of the numbers of unemployed rising to over 3m are common, although they are not necessarily inevitable. Exact comparisons with earlier periods remain difficult to establish, given the changes made to the claimant count over the years. Nevertheless, patterns of unemployment are likely to be different from the 1980s for a number of reasons.
45. Firstly, Britain no longer has many significant areas and conurbations dependent on a single dominant employer, or even single sectors. The post-War decline of **Manufacturing** industry has continued sharply since the 1980s. Where major manufacturing plants remain, notably in the motor vehicle industry, the squeeze on jobs is already being felt as demand for products declines sharply. Those communities which still rely on major manufacturing employers are expecting to see many job losses and a resultant decline in the whole local economy, but they no longer represent a very high proportion of the communities of Britain.
46. Most regions rely heavily on the **public sector** (especially health and education) and the service sector for employment. The public sector, which has been shedding jobs for at least the last five years, is unlikely to be immune from further job losses, especially if government spending is curtailed in order to recover the debts incurred in bailing out the banks. Already, many universities (often major local employers) have lost considerable reserves and endowments, either in the Icelandic banking crash or in the general devaluing of assets as interest rates tumble.
47. The **service sector** is likely to be hit even more quickly than the public sector and could prove extremely volatile. Finance-related areas of the service sector are already badly hit by the banking and credit crisis. Whilst the loss of well-paid City jobs has attracted headlines, the knock-on effect is considerable and many related jobs which have not benefited from the inflated rewards and bonus culture of the City are also at risk.
48. Those parts of the service sector which depend upon discretionary consumer spending, notably **retailing** and **catering**, are expecting to see major job reductions. The retail sector has already seen the loss of thousands of jobs with the collapse of Woolworths
49. The boom years have generated a considerable amount of employment in areas of the service sector which offer perceived luxuries. As consumer confidence falls and “middle England” tightens its belt, adopting austerity

measures, a whole hinterland of restaurants, shops, gyms, and related activities – almost all of them **small businesses** – may go to the wall. The gains in employment in recent years may prove to be extremely vulnerable because of the essentially evanescent nature of the jobs created.

50. The impact of high levels of unemployment on **young people** is always a major cause for concern – not just because their immediate career hopes are dashed but because (on the basis of experience in the 1980s) it can critically damage their sense of belonging within a social contract which encourages civic engagement and community relations.
51. There are indications that the government may bring forward its proposals to **raise the school leaving age** to 18 to combat youth unemployment. The impact of this on schools, including rapid reorganisation, but also involving appropriate curriculum development and measures to engage the enthusiasm of, perhaps unwilling, 16-18 year olds, will be considerable.
52. Because of the concentration of financial sector jobs in London and the South East, it may well be that this region is less insulated from recession than it was in the 1980s. The Local Government Association has predicted that, in the current crisis, Northern cities are likely to prove economically more resistant than London. However, the nature of the local economies of the North is highly variable. No simple **North/South divide** can be predicted. In this respect, the experience of (say) Middlesbrough or Bradford is likely to be very different from that of Leeds or Manchester.
53. Even within relatively prosperous and viable cities, whole areas remain marginal, only gradually recovering from the recession of twenty-five years ago. It will be a severe test of the **regeneration programmes**, which have often transformed the built environment in such areas, to not only help them survive the current recession but to avoid further marginalisation.
54. There are particular reasons to be anxious about the viability of the **rural economy** in many parts of England. The impact of Foot and Mouth and Bluetongue has left the farming community in a very vulnerable position to face a recession. Many rural communities have been badly affected by the disparity of incomes during the boom years, as the wealthy have bought up property in picturesque locations leaving whole towns depopulated during the week and causing a diaspora of local young people. Unless recession leads to an amelioration of income disparity, this trend is not likely to be reversed. More Britons taking holidays in the UK rather than abroad is likely to bring only a marginal, seasonal, relief.
55. The place of **migrant workers** in the economy is likely to change. Other EU nationals may arrive at a slower rate and depart in greater numbers (although if the recession bites across Europe, Britain's prosperity relative to the rest of Europe may influence patterns of migration in complex ways). Their place may be taken by migrants from non-EU countries, although immigration rules, such as the English language requirement, may prevent this. The role of migrants as a flexible element in the workforce may mitigate some of the impact of recession on employment as indigenous workers take on low-paid and unsociable jobs. It may also lead to increased anti-migrant rhetoric and localised violence.

56. There is plenty of evidence, over many decades and nations, that recessions can provoke a growth in **nationalist sentiments**, ethnic conflict and scapegoating of economically marginal communities. We can expect the far-Right, politically, to exacerbate community tensions and probably to make electoral gains on the back of the downturn. It has already been evident that some parties which deploy racist rhetoric have been using the image of “Christian Britain” to intensify the more usual ethnic divisions.
57. If the critics of religion succeed in portrayed religious faith as socially divisive, there is a risk that a further **secular hardening** of opinion against religions could emerge alongside the recession, though this may be mitigated to the extent that churches and other faith groups are seen to be in the frontline of meeting social need.
58. In times of prosperity, crimes against the person rise (often drink-fuelled), and in times of recession **crime against property** increases. This is widely believed to be exacerbated by the wide income disparities existing cheek-by-jowl in many communities. There is little evidence that the great material inequalities that existed pre-recession will be significantly reduced. Richard Layard and others point to material inequality as a major source of unhappiness, depression and unbalanced lifestyles. Meanwhile, some supermarkets are already reporting a trend towards shoplifters being caught with things like baby food rather than high-value luxury goods, suggesting that theft to meet need is on the rise.
59. With a continuing shortage of homes, mortgages in short supply and people facing problems with mortgage repayments, **homelessness** is likely to rise. The social housing stock is under considerable pressure already and it will not be easy for local authorities to prioritise measures to combat homelessness when their income streams are under extreme pressure.
60. A squeeze on public spending (which is part of the present government’s strategy for later in the economic cycle and will almost certainly be an element in the Conservative party’s manifesto) will inevitably hit the **National Health Service**. The experience of patients has improved noticeably in recent years, but it has been achieved only through a major increase in health care spending. This may prove unsustainable.
61. The points outlined above are only a few areas where the impact of recession may be reasonably predictable. But underlying them is the fundamental question of vision: what sort of society do we want to emerge from this economic downturn?

Part III The Church's Response

It began with a squeeze, then the squeeze became a crunch and the crunch became a downturn and the downturn became a crisis. A crisis of faith as the temple of Mammon on which we have all sought to build our economic prosperity was tried in the fire of truth, honesty and reality, and was revealed to have shaky foundations. ...When the day of reckoning came - and there is always a day of reckoning - the winds of truth blew away the countless houses of cards.

Greed, risk-taking, the trading of false rumours and the speculation of the money markets has pulled down banks and businesses overnight. The removal of morals from markets has led us to this present position.

The Archbishop of York, writing in The Times, 24 December 2008

Changing Thinking

62. There is an honourable precedent for church leaders seeking to generate debate about the kind of society that will emerge from recession. Between 1920 and 1945, the churches were among the leading voices seeking to articulate the priorities for rebuilding society and the economy in the aftermath of the Great Depression.⁶
63. Just as governments are having to reconsider policies which once helped the economy to recover from the Great Depression, so the church has a rich tradition of Christian social action to draw upon, forged in those times. Neither in economics nor theology, however, can old approaches simply be dusted down and re-used. There must be a reassessment of their relevance for today.
64. Then, as now, the consequences of large-scale unemployment worried the churches deeply. In 1938, a group of academics and churchmen published the major report, *Men Without Work*, to wide public acclaim. In 1997, the British churches published the study, *Unemployment and the Future of Work*, which similarly focussed on the scourge of unemployment and some possible counter-measures. The latter report is well worth revisiting in the light of today's rapid rise in worklessness.⁷
65. The leading figure between the Wars was Bishop (later Archbishop) William Temple. It was Temple who first coined the term "welfare state" to distinguish a state which gains legitimacy by caring for its citizens from the "power state", legitimised by its ability to deploy force in its interests.
66. It is worth remembering that the church between the Wars understood the climate to be one of advancing secularism, coupled with the threat of totalitarianisms rising in the Soviet Union and across Europe. This was not

⁶ The Churches promoted public debate through a number of high-profile, inter-disciplinary conferences, notably: The Conference on Christian Politics, Economics and Citizenship (COPEC – 1924), The Oxford Conference on Church, Community and State (1937) and the Malvern Conference (1941).

⁷ *Men Without Work: A Report Made to the Pilgrim Trust*, Cambridge: CUP, 1938.
Unemployment and the Future of Work; An Enquiry for the Churches, London: Council of Churches for Britain and Ireland, 1997.

the sublimely self-confident church of mythology but an institution which felt socially vulnerable, as we do now.

67. Temple's distinction between the welfare state and the power state touches on an enduring question about the compact between a government and its people. As successive governments have adopted an increasingly deregulatory approach to the economy, they have simultaneously allowed their ability directly to enhance the welfare of the people to be reduced on many fronts. We are, today, far more at the mercy of impersonal (indeed, avowedly amoral) market forces.
68. Now that this reliance upon markets has been shown to entail enormous economic risk for ordinary people, the legitimacy of governmental withdrawal from its former roles is called into question and it remains to be seen whether a resurgence of government-led economic intervention will create a new settlement with the electorate.
69. Comments by church leaders since the crisis broke have drawn attention to the moral bankruptcy of a society whose prosperity is built upon phantom wealth and upon debt. We have the beginnings here of a debate about the big questions which a time of economic crisis must inevitably raise.
70. It is important to go on emphasising that economics does not operate independently of politics or ethics – and most economists understand this.⁸ Against the frequent charge that church people don't understand economics, it must be noted that understanding economics is very different from accepting current economic orthodoxies, whatever they may be at the time. Economics, like every major discipline (not excepting Christian theology) is an ongoing debate about the best ways of understanding things in the light of different kinds of, often contested, evidence.
71. The basic message from Church commentators has been plain: a recession is a time of moral, as well as economic, risk; how it is handled by government, by people and by institutions, will determine the kind of country we are in the future; a nation whose prosperity is not grounded in real human activity but relies upon the phantasm of making money from money is in moral peril; moreover, debt enslaves people, both economically and by constraining their vision of what it is to be human.
72. Bishop Peter Selby's 1997 book, *Grace and Mortgage*, was prescient.⁹ In it he explores the ethics of debt across a global, national and personal spectrum. Selby interprets debt and indebtedness in eschatological terms, asking, with Bonhoeffer, "Who is Jesus Christ for us today?" and exploring what it means to be saved, in Christ, from our debts only to be laden with debt within our economic lives. The theological rejoinder to the debt-based economy has been well developed over the last decade and more. It was a key theme of the 1998 Lambeth Conference.

⁸ For a fine exposition of the objectives and limits of economics as a discipline, and its relation to theology, see Ian Steedman, "On Not Traducing Economics" in John Atherton and Hannah Skinner (eds) *Through the Eye of a Needle: Theological Conversations over Political Economy*, Peterborough: Epworth Press, 2007.

⁹ Peter Selby, *Grace and Mortgage: The Language of Faith and the Debt of the World*, London: Darton, Longman and Todd, 1997.

73. Like the extensive and effective mobilisation of opinion around the *Make Poverty History* campaign, the churches' witness has been strongly driven by a concern for global economic justice. In an age of global capital, and in a recession which emphasises the interdependence of all peoples, there is a pressing need for a similarly global ethic to be articulated clearly.¹⁰

We urgently need to rethink the structures of our global economy. The unintended consequences of the 1944 Bretton Woods agreement include the tilting of the global economy to benefit rich nations, and several of the poorest countries in particular still face massive spiralling debt. Since a country cannot declare itself bankrupt and start over, it is compelled to prioritise debt-serving ahead of healthcare, clean water, education and so on. ...

Whenever I and others have spoken about these things in the past 10 years or so, we have faced a chorus of excuses and been told that we do not understand how the world works, that people who borrow money must learn that they have to pay it back, or that the borrowers were wicked, irresponsible or incompetent, and that any debt relief will only be siphoned off to fund yet more extravagance on the part of the few. Recent events have blown that excuse right out of the water. ... If the promises in the gracious Speech are to be fulfilled, these global issues must be addressed as a matter of first priority.

The Bishop of Durham speaking in the debate on the Queen's Speech, 8 December 2008.

74. The churches also have a historic concern to speak about what is valued and how value is expressed. The question of how monetary value relates to a perceived "real" value is extremely complex, but the housing market is an example of how financial speculation can drive prices well above what many believe reflects their true utility. Some of the salaries and bonuses earned in the City have also appeared to part company with any reasonable evaluation of a person's relative worth to the wider community.
75. Both the present crisis, and the periods of rapid inflation in the 1970s, show that monetary values can fluctuate precipitately and may have little relationship to the actual value which people place upon various goods.
76. This is not to suggest that the churches can operate in some kind of parallel economy with its own valuations. It does mean that the church has a duty to promote reflection about how the earth's produce, and the output of human labour, can be valued in ways which reflect their benefit to humanity. It is also a reminder to Christians to ponder on the value of our labour to God and the value of material things in terms of their capacity to enable human flourishing. From such prayer and reflection, new and practical ways of expressing true value can emerge.
77. The notion that "there is no alternative" to a debt-based economy within an unregulated market, globally or locally, has been challenged by the churches over a long period, and this will continue.

¹⁰ One approach to this, from a Christian viewpoint, is Hans Kung, *A Global Ethic for Global Politics and Economics*, London: SCM Press, 1997.

Notes of Caution

78. It does not follow, of course, that there is only one alternative. Here, the church should be alert to the dangers, on the one hand of endorsing a programme of measures as if they represented a distinctive Christian economic ethic or, on the other, trying to devise policies without sufficient reference to the body of expertise within the discipline of economics.
79. The possible steps open to government, discussed above, are in no sense a Christian manifesto. Some options will generate particular interest among the churches, especially policies which might help secure the Millennium Development Goals and the amelioration of climate change, since most Christians will have a moral concern for the long term future of creation and the alleviation of poverty and suffering across the world. Nevertheless, for any specific policy, two areas of caution need to be observed.
80. The first is the so-called “law of unintended consequences” and relates to the sheer complexity of the economy. With so many variables in play, the link between action and effect is far from inevitable, and good intentions can have contrary results. There is a theological point here, about the inherent sinfulness of human ambitions, however well motivated. In questioning the actions of the powerful, Christians should be aware of, and try to express, the notion of “solidarity in sin”.
81. The second important point is that, whilst Christians may come to a considerable level of consensus about the nature of the good society, nationally and globally, which we seek, there remains much scope for legitimate disagreement about how such goals can best be achieved.
82. Social goods are never achieved without cost and Christians, within certain broad parameters, may have different views about the cost/benefit equation. The proper process of seeking consensus for political, economic and social change must avoid the assumption of a “God’s eye view” which equates dissent with unfaithfulness.
83. Historically, Christian comment on economic affairs has sometimes failed to take sufficient notice of what economists actually do and say. For example, there is a longstanding tendency in the churches to mistrust the economic principle of competition and to seek a system which replaces competition with cooperation. The late Canon Prof. Ronald Preston, however, pointed out that, to an economist, the opposite of competition is not cooperation but monopoly.
84. Similarly, Preston was critical of the tendency among some theologians and environmentalists to attack the economic paradigm of scarcity and to seek an economics grounded on a principle of abundance. This view has had a certain vogue among Christian commentators in recent years, especially in the USA, and one can see its attractions since we believe in a God who supplies all that His children need for their well being.
85. But Preston pointed out that the attempt to translate the doctrinal point into practical economics made the mistake of treating scarcity simply as too few goods to go around. In economics, scarcity is understood in terms of

what is called the “opportunity cost”: that is, the value that is forgone when a good is used for one purpose rather than another. In short, a good is scarce because, having used it for one purpose, I have lost the opportunity to deploy it in other ways. The economist, therefore, understands scarcity more as finitude than as shortage.

86. This is an important point for theologians. Over-emphasis on the scriptural theme of God’s abundance can lead too quickly to an assumption that we already inhabit the Kingdom still to come in which finitude is transcended by God’s grace. On the contrary, in this world, humanity has to live with the consequences of persistent sin and the finitude of the created order.
87. Many of these observations are drawn from the work of William Temple and Ronald Preston. Their work has been unfashionable for some time and is certainly not beyond criticism. Yet it is interesting that the period of their disfavour coincided with the dominance of free market ideologies. The current crisis takes us back to the same challenges faced by Temple when the collapse of a hitherto-dominant economic structure re-opened major questions about the nature of society and government.

Plurality, Consensus, and Shared Moral Questions

88. It was noted earlier that social plurality is a central assumption of market economics. It is worth bearing in mind that, whilst the market indubitably makes for a more atomised and individualistic society, the introduction of deregulated market economics was also understood to be a response to the social atomisation that had already taken place.
89. In other words, the apologists for deregulated markets argue that it is *because* we are a society of strangers that a market economy is morally necessary, whereas more communitarian thinkers often argue that we are a society of strangers precisely as a result of living under the market. Similarly, market apologists argue that government interventions always involve unacceptable constraints on personal freedom, whereas others look to government to protect fundamental freedoms which the market erodes.
90. This question has not been settled definitively. It is likely that apologists for the market are wont to exaggerate the plurality of contemporary society, just as critics of the market tend to downplay the difficulty of achieving the necessary social consensus to enable more direct governmental interventions in economic matters.
91. It remains that the church has a historic concern for all the people of the nation. Whilst the Church of England can no longer assume that it represents the moral voice of the people at large, it remains committed to seeking out and nurturing a shared moral consciousness which, in Britain, remains historically grounded in Christian belief.
92. If, as has been argued, a vision of the “good society” includes some moderation of the unregulated marketization of more and more aspects of life, a more widely shared vision of justice will be a vital building block.

93. There is reason to believe that the moral consensus is capable of revival. One way for the church to explore and promote this is by appealing to widely-held notions of **fairness, generosity and sustainability**.
94. Thus, of any response to the current crisis, it is possible to ask:
- **Is it fair?** Does it give priority to the vulnerable – the young struggling to enter the labour market, and the elderly living on fixed incomes; people in poverty both within Britain and globally? (Questions of relative vs. absolute poverty need unpacking carefully here).
 - **Is it generous?** Does it embody the obligation to give and share our resources with others, especially those less well off? Does it promote fair trade and global aid?
 - **Is it sustainable?** Have the medium and long-term implications been taken fully into account so that the interests of our children's and grandchildren's generations are factored in?
95. Questions like these stem naturally from a Christian approach to justice and the requirement to live by grace, but they also appeal strongly to the moral sensibilities of many others who would not share our starting point. By such simple means, the church can be a vehicle for the long task of rebuilding a broadly shared economic ethic.

Ministry and Mission in Hard Times

Am I my brother's keeper? Yes I am. The impact of what happens with a sub-prime mortgage in America has an impact upon my brother employed in Newcastle working for Northern Rock.

Am I my brother's keeper? Yes I am when speculation leads to mergers, with redundancies for thousands of my brothers and sisters.

Am I my brother's keeper? Yes I am, because the systemic risk of allowing a bank to fail makes sense only when it is translated into the thousands of individual stories of hardship that flow from its collapse.

The Archbishop of York, writing in The Times, 24 December 2008.

96. Whilst economic forces have driven many other institutions and professional people out of the hardest-pressed areas (rural and urban), the Church of England continues as a Christian presence in every community. The church's ability to engage with all manner of groups and communities – in particular, those who will feel the impact of recession most acutely – grounds the gospel message in the lived experience of real people.
97. The report of the Archbishops' Commission on Urban Priority Areas, ***Faith in the City*** of 1985, is frequently cited as the high-water mark of recent Anglican social theology. *Faith in the City* sprang out of the practice of clergy and congregations in hardest-pressed urban Britain and energised the church to develop and continue its work in alleviating hardship and working towards a more just society.
98. The **Church Urban Fund**, begun in the wake of *Faith in the City*, has continued to develop this work ever since, and there are many published

accounts of the church's practical witness among hard-hit communities.¹¹ The church's record in the urban regeneration programmes of the last twenty years has been considerable,

99. Nevertheless, many practitioners who were active in the 1980s would testify that the church often made mistakes in its attempts to address the local effects of economic hardship. These included:
- **Mixed motives.** For example, churches which saw projects with unemployed people as a good way to make use of the Church Hall during the week, often found that the demands of serious project work and Hall lettings policies were hard to hold together.
 - **Social distance.** Some church projects betrayed the social gulf that existed between congregations and the people they hoped to serve. For instance, the idea that “the unemployed” would gladly be ministered to under that banner often misunderstood the complex psychology and sociology of unemployment.
 - **Over-estimates of capacity.** Fired by Christian zeal, some churches underestimated the sheer hard work, frustration and energy required to offer ministry through project work. The capacity of congregations for sustained engagement was sometimes found wanting.
 - **Over-reliance on statutory funding.** Many church projects found to their cost that, having been courted as partners by statutory bodies such as the Manpower Services Commission, the statutory sector itself proved to be a fickle partner. This remains a contentious issue in 2009 as government continues to court the voluntary sector to deliver its welfare programmes.¹²
 - **Inadequate theology and spirituality.** Practical projects were not always well integrated into the spiritual, theological and worshipping life of the local church – the case for social action as discipleship was not always well made.
 - **Lack of coherence.** Local church action was not always well co-ordinated within a wider area or region. Churches too often failed to tell each other – or potential secular partners – what they were doing.
100. It will be important that the church of the 21st century is able to learn from its experience of twenty five years previously.
101. The church itself has changed considerably since the 1980s. The relative strength of the evangelical revival has changed the ecclesial geography. Twenty five years ago, evangelical scepticism of what was seen as “the social gospel” remained strong and, partly for this reason, evangelicals were not always at the forefront of practical engagement with hard-pressed communities. Although evangelical action (notably through networks such

¹¹ See, for example, *Living Faith in the City: A progress report by the Archbishop of Canterbury's Advisory Group on Urban Priority Areas*, General Synod of the Church of England, 1990; Peter Sedgwick (ed.) *God in the City: Essays and Reflections from the Archbishop of Canterbury's Urban Theology Group*, London: Mowbray, 1995; Fred Catherwood, *It Can be Done: The Real Heroes of the Inner City*, Cambridge: Lutterworth Press, 2000.

¹² See the report commissioned by the Bishop for Urban Life and Faith from the Von Hugel Institute, Francis Davies, Andrew Bradstock and Elizabeth Paulhaus, *Moral, But No Compass: Government, Church and the Future of Welfare*, Chelmsford: Matthew James Publishing, 2008.

as the Evangelical Coalition for Urban Mission) developed rapidly, it often did so in isolation from other church initiatives. Evangelical voices were often absent from the largest groupings and networks of church social action. By the same token, when evangelical voices were present, they were too often treated with incomprehension or condescension.

102. Such a picture is no longer true. An evangelical theology of social action, integral to discipleship and mission, is far more developed and more widely understood. Moreover, the emergence of large evangelical congregations has meant that, in many areas, there is a concentration of Christian resources which frequently devolve different aspects of ministry and mission within an extensive network of lay people. It is likely that these large churches will have a major role to play in mobilising Christians in response to the pressures of recession, not least as they can frequently draw a wide range of expertise from within their own congregations.
103. In many of the hardest-hit areas of the 1980s, the church was already perceived to be struggling. That so much was achieved by small, urban or rural, congregations was an immense testimony to the latent strength of the hardest-hit communities themselves. But this recession is likely to hit a much wider social cross-section and to be felt as much in London and the South East as in the old industrial conurbations of the North.
104. The call to practical responses may, therefore, be received by congregations, deaneries and dioceses which have no great history of such work. The church will need to mobilise its national and regional networks, and learn from fellow Christians beyond the immediate locale, if it is to be an effective agent for social welfare and justice.

Part IV Practical Christian engagement

Our own following of the Word made flesh is what gives us the resources to be perennially suspicious of claims about the end of history or the coming of some other saviour exercising some other sort of power. To follow him is to take the risks of working at these small and stubborn outposts of newness, taking our responsibility and authority. In the months ahead it will mean in our own country asking repeatedly what is asked of us locally to care for those who bear the heaviest burdens in the wake of our economic crisis – without waiting for the magical solution, let alone the return of the good times. Internationally, it is remembering that our personal involvement in prayer and giving is utterly essential, whatever pressure we may rightly want to bring to bear on governments and organisations.

From: The Archbishop of Canterbury's Christmas Sermon, 2008.

105. Already, the Church of England – in its parishes, dioceses and national structures – is providing practical responses for people affected by the current recession. No doubt, many more such initiatives are in the planning stage, and more will emerge as the recession starts to bite in new places and new ways. What follows is a series of snapshots of current activities: not by any means a comprehensive picture, but an attempt to indicate the kind of things that dioceses, parishes and others are doing.

Diocese of London

106. Community Ministry can signpost a range of projects with important learning to share across the diocese as the recession begins to impact on our communities. In these situations we should seek to empower our church members to be involved in local responses to local need.
107. **Food Banks**
The **Trussell Trust** is a Christian charity which initially supplied food aid to east European countries. Challenged with regard to increasing levels of poverty in some of our most disadvantaged communities, they have now set up over thirty food banks in this country. Building on this example, the **South East Hackney Cluster** are proposing to set up a food bank which will involve members from all six parishes as volunteers in this provision of food parcels to families and individuals in need. Volunteers visit supermarkets and encourage shoppers to donate specific items of food which will make up healthy food boxes.
108. **Debt Counselling**
Several parishes have experience of offering this service and others are just beginning to run advice sessions. **St. Paul's Shadwell** have arranged training for seven of their members as debt advisers, and sessions will shortly begin on Monday evenings and Saturday mornings.
109. **Winter Nightshelters**
Our **South Brent Cluster** worker has just set up another ecumenical response to this need which will surely increase in London over the next few years. Volunteers from the different denominations will be trained by **Housing Justice**.

110. **Youth Employment Projects.**
One of the most sobering predictions is the increasing numbers of school leavers who will struggle to find employment. **Christ Church Isle of Dogs** ran an excellent youth employment project ... the former co-ordinator strongly believes that churches are 'hubs' which should be offering these services to raise the self belief of many young people who, for whatever reason, failed to get the best out of their school experience.
111. **St Mary's Primrose Hill** has an excellent youth inclusion project with much valuable experience to share. The way a local state comprehensive has welcomed the project to run out of hours activities is particularly impressive.
112. **Into University** is developing new church-based projects in the diocese which work closely with local schools to raise the aspirations and achievements of local youth. Into University are looking to develop two new projects bases with local churches each year.
113. **Mental Health/Special Needs**
Adults with special needs are supported by many of our projects. One of the most innovative is the **Holy Cross Centre Trust** in Kings Cross. With the support of the New Economics Foundation they have set up a **Timebanking** pilot project which seeks to move clients away from being users/receivers to co workers who have a say in the way project services are developed. They are very keen to see other church-based projects adopting this philosophy.

Jack Maple, Community Ministry Advisor, Diocese of London.

Diocese of Portsmouth

114. The Bishop has initiated a debate on the Global Economy on Jan 14th between Prof John Craven, Vice Chancellor of the University of Portsmouth and an economist (also a member of Archbishop's Council), and the former Bishop of Worcester, Peter Selby.
115. We have initiated a targeted rapid parish development programme focussed on a few parishes in the most deprived areas putting the vicar and lay people (must be both) through an asset development programme, and modelling the social enterprise approach – very much like Bromley-by-Bow.
116. We are working in collaboration with secular agencies such as the University of Portsmouth Business School and the School of Architecture on their South East Coastal Communities project to support some of this work and bring some much needed realism and objectivity.
117. Many of us are involved in Local Strategic Partnerships, trying to grapple with these issues across a whole range of disciplines working with local authorities, health trusts and local communities. One local authority is looking at the cost of speeding up its system of payments to 10 days rather

than 30 days particularly to help smaller organisations with their cash flow. If the hospitals and health trusts were to do this as well, it could have a significant impact.

Revd Canon Nick Ralph. Head of Mission and Society, Diocese of Portsmouth

Resources on the Church of England website

118. One rapid response to the financial crisis was the appearance on the church's website of prayers for those affected. These proved to meet a real need with 39,600 "hits" between 22 September 2008 and 6 January 2009. Of these, a staggering 32,000 were "unique visitors".
119. On 6 January, The Church of England published two new prayers to comfort people made redundant, and those remaining in the workplace following a round of redundancies, at the beginning of a year in which the Chartered Institute of Personnel and Development has predicted that at least 600,000 people could lose their jobs.
120. The 'Prayer on being made redundant' helps to put into words the anxieties of those who are losing - or who have already lost - their job in the wave of recent redundancies. It includes the verse: "Hear me as I cry out in confusion, help me to think clearly, and calm my soul."
121. The 'Prayer for those remaining in the workplace' focuses on the guilt and increased workload associated with redundancy. It asks of God: "In the midst of this uncertainty, help me to keep going: to work to the best of my ability, taking each day at a time."
122. The prayers are the latest release from the Church of England website's *Matter of Life and Debt* section. They are offered alongside common sense advice for those with financial worries from Resources and Stewardship Officer, Dr John Preston. These include helpful resources for working out a balanced household budget; and other prayers and intercessions for those worried about debt, suitable for church and personal use.
123. 'Prayer on being made redundant' and 'Prayer for those remaining in the workplace' are published online at www.cofe.anglican.org/prayers, and also feature in an A5 leaflet containing some of the *Matter of Life and Debt* material. This leaflet is available for local parishes to print out and distribute in their church, at www.cofe.anglican.org/debt.

The ARC Addington Fund and the Farm Crisis Network

124. The ARC-Addington Fund and Farm Crisis Network are part of the Farming Help Partnership (with the Royal Agricultural Benevolent Fund). Both these organisations have a Christian foundation and work alongside the Arthur Rank Centre (the churches rural resources centre). Both the ARC-Addington Fund and Farm Crisis Network are adapting their normal

activities to reflect issues arising from the current crisis. The work of the **ARC-Addington Fund** falls into two areas.

125. The Hardship Grant fund is being used to support businesses which are viable in the long term but are experiencing short term problems due to circumstances beyond their control. These may relate to cash flow problems, caused by suppliers changing the date for payment or a delay in receiving payment for produce sold. In order to receive a grant, it is necessary to show that the business is viable.
126. *Example:* a farmer with 300 sheep and a suckler cow herd was offered a small grant [£960] to employ someone to do the lambing whilst he was in hospital recovering from a major operation. This achieved three things: personal help for the farmer, preserving the business for the future and providing employment for someone who would otherwise be unemployed.
127. The Strategic Housing Scheme has previously provided housing for those who loose their home when rural businesses (not just farms) contract or wind up. The credit crunch has precipitated retirement at an earlier stage than might have been expected for a growing number of farmers. This has been partly driven by the restriction of additional borrowing on existing loans and overdrafts, the changing terms for overdrafts (higher interest rates) and /or the inability to borrow additional sums for reinvestment.
128. *Example:* a husband and wife running a small farm who are long past retirement age but who will lose their home if they retire. The ARC-Addington Fund has worked with the family to pay professional fees for local accountants to devise an exit strategy and provide a shared equity property for them to move into once the farm is sold.
129. **Farm Crisis Network** has seen a significant increase in the numbers of cases it deals with, particularly in the last half of 2008. 70% of cases now have a major financial element to them, often involving debts of many hundreds of thousands of pounds. FCN is providing access to professional insolvency practitioners as farm debt is so complex.
130. Those who are isolated in remote rural communities are changing the way they use existing resources provided by the churches. In rural Suffolk an ecumenical project that has been running for several years has started receiving calls from people needing different sorts of advice. The “Rural Coffee Caravan Information Project” usually runs from March to October, visiting small villages and hamlets without a community meeting place and providing hot drinks and a place to meet. People who have used the caravan regularly are ringing the central office as they do not know who else to contact. Canon Sally Fogden comments that “Because they know and trust us they are coming to us at a time of need.” People are signposted to various agencies including Help the Aged and Citizens Advice. Some local businesses have also been in touch. The caravan project has worked in partnership with Business Link, and so they are able to pass on cases of small businesses in trouble for more detailed support.

Dr Jill Hopkinson, National Rural Adviser.

The Diocese of Hereford

131. **Migrant and Seasonal Workers.** In 2007 up to 10,000 migrant and seasonal workers in the agricultural sector were employed in Herefordshire during the summer months and there are many pastoral issues arising among workers. The Social Responsibility Officer (SRO) identified a number of churches who were already offering pastoral, practical and social support to these workers, many of whom were young students from Eastern Europe. The SRO set up an ecumenical churches' network for these churches and parishes and ran a number of seminars which included employers and the statutory sector to encourage good practice and resolve some of the issues.
132. In 2008, an increasing number of people presented themselves to church outlets and clergy houses as hungry and destitute, in addition to our regular homeless callers. Many were migrant and seasonal workers who, having come to the end of their contracts, were remaining in the county hoping to secure alternative employment. In the meantime they were homeless and hungry. The SRO and Project Officer liaised with local churches of all denominations to ascertain what provision was being made and provided a chart of where food could be obtained. Within a few weeks, hot food provision had been increased to cover every day of the week. In addition, most outlets were providing "goody bags" which would enable recipients to have food until the next mealtime. Over Christmas and the New Year comprehensive provision was arranged. In addition to food, clothing is supplied, sleeping bags and all-weather survival bags.
133. **"Community Larder"** Many people are beginning to suffer from the effects of the recession in our community – especially the elderly (who may be struggling both to heat their homes and feed themselves) and families with young children (who may be awaiting benefit payments). The Council for Social Responsibility has secured funding to set up a Community Larder in Hereford City. Local churches are being asked to supply food which can be made up into bags to provide a meal for a person, or a family which cannot provide for itself. The scheme is being launched in February and will be run by volunteers from local churches and based at the central Baptist Church using a Portakabin. The scheme will be promoted through relevant local agencies (Social Services, Health Visitors etc) but it is not envisaged that anyone asking for help will be turned away. The scheme is being publicised across the Diocese and support will be given to any market town wanting to set up its own scheme. Indeed, Tenbury Wells Church has a scheme already established operating out of the local CAB.

Jackie Boys, Social Responsibility Officer, The Diocese of Hereford

134. As well as these examples, many existing church programmes and projects are well-placed to offer practical responses to economic hardship. A helpful compendium of further examples can be found in the report *Moral, But No Compass* (Appendices C and D).

Lessons from Church Engagements

135. These snapshots of current church action demonstrate a few key issues which are worth noting.
136. The church's ability to make a rapid response to human need depends to a great extent upon pre-existing structures which put expertise and resources on tap already. The diocesan initiatives build on the hard, painstaking and often low-key, work of diocesan staff and ministers with specific portfolios for social engagement. Because they are there already, and have built up trust within the church, within local communities and other partner bodies, they can mobilise parish responses quickly and effectively.
137. Thus, a major point which the church has tried to communicate to government is mirrored in its own life: the potentials of the good times must not obscure the need to retain a capacity to operate in worse times.
138. The presence of the church in local communities, its ability to know and understand local needs and the dynamics of local relationships, is crucial to effective ministry and mission. National and diocesan initiatives are built on local intelligence and local delivery.
139. Neither the church nor the wider community can be easily divided into the "doers" and the "recipients". The recession will hit church members as hard as most in the community, so practical responses include "self-help" measures as people recognise shared needs and work together for change.
140. Just as government should not be distracted from its long-term commitment to the Millennium Development Goals and climate change by the pressing need to mitigate the domestic impact of the recession, so the churches will need to find ways to maintain the profile of its international and long-term social concerns alongside its focus on immediate need. We are currently in the "rapid response" phase of Christian social action – more integrated thinking and strategy will need to follow.
141. This recession will end – they all do, eventually, as the economic cycles coincide more positively and human confidence is restored. But, in the meantime, many lives will have been affected, many dreams destroyed and many relationships damaged. The church will be called on to express its historic vocation in familiar ways, and new ones. And, perhaps, by its words and actions under God, the church will help the nation to articulate the sort of society it wishes to be, as the human institutions on which we have depended are proved, again, to be flawed and fallible.

Hear me as I cry out in confusion,
help me to think clearly,
and calm my soul.

As life carries on,
may I know your presence with me
each and every day.

And as I look to the future,
help me to look for fresh opportunities, for new directions.
Guide me by your Spirit,
and show me your path,

through Jesus, the way, the truth and the life. **Amen.**

From: Prayer for those being made redundant. The Church of England Website.

**The Revd Dr Malcolm Brown
Mission and Public Affairs Division
January 2009**

Select bibliography

Already, a number of books are emerging which analyse the present crisis and offer ways forward. Among the most comprehensive is:

Paul Krugman, *The Return of Depression Economics and the Crisis of 2008*, London: Penguin Books, 2008.

Krugman is a Princeton economist who won the Nobel Prize in 2008 for his work on trade patterns and international economic activity. A readable and detailed study.

The following books may be helpful in developing a deeper account of how Christian ethics and economics can interact.

The Doctrine Commission of the Church of England, *Being Human: A Christian Understanding of Personhood Illustrated with Reference to Power, Money, Sex and Time*, London: CHP 2003 (See Chapter 4 “Money” pp 55-77).

John Atherton, *Christianity and the Market*, London: SPCK, 1992.

A book of enduring value by the former Canon Theologian of Manchester Cathedral. Atherton examines the diverse responses of Christian ethics to the rise of market economics.

John Atherton and Hannah Skinner (eds.) *Through the Eye of a Needle: Theological Conversations over Political Economy*, Peterborough: Epworth Press, 2007.

An important collection of essays from a variety of theological and political perspectives, examining the state of Christian engagement with economics today.

Andrew Britton and Peter Sedgwick, *Economic Theory and Christian Belief*, Bern: Peter Lang, 2003.

Here, an economist, and a theologian who has made a special study of economics, offer a sustained dialogue between the two disciplines. Andrew Britton is a current member of the Archbishops’ Council. Peter Sedgwick is a former member of staff of the Mission and Public Affairs Division.

Malcolm Brown and Paul Ballard, *The Church and Economic Life – A Documentary Study: 1945 to the Present*. Peterborough: Epworth Press, 2006.

A study of the British churches’ engagements with economic issues since the War, with substantial extracts from church publications from national and local sources. The churches have had a lot more to say than is often imagined.

Brian Griffiths, *Morality and the Market Place: Christian Alternatives to Capitalism and Socialism*, London: Hodder & Stoughton, 1982.

A clear and accessible introduction to Christian Conservatism by Lord Griffiths of Fforestfach, a well-known Anglican and former head of the Policy Unit at 10, Downing Street under Margaret Thatcher.

David Jenkins, *Market Whys and Human Wherefores: Thinking Again about Markets, Politics and People*, London: Cassell, 2000.

The former Bishop of Durham reflects on a lifetime’s study of ethics and economics. Stronger on the market’s failings than its strengths, so an interesting counterbalance to writers like Griffiths.

Peter Selby, *Grace and Mortgage: The Language of Faith and the Debt of the World*, London: DLT, 1997.

The most comprehensive theological consideration of the debt culture yet to appear.