**Can I be ethical and make money at the same time?**

**Introduction**

Good morning and greetings from the United Kingdom.

We face, do we not, a dilemma. The financial crisis, which began in the summer of 2007, manifested itself through failures in the banking system, including banking failures and government bailouts, the sovereign debt crisis, especially in the Eurozone, and through the impact of severe falls in output with all of the consequences for employment and standards of living. We have seen government debt to income ratios as high as 170% in Greece and 84% in the UK, a level similar to that of the United States; with the consequential falling bond yields and higher levels of taxation coupled with low economic growth it is inevitable that real incomes will fall. Some have even hailed the end of growth.

This macroeconomic context has been the setting for further challenges to the capitalist system. Firstly, greed, perhaps seen in some elements of excessive executive remuneration where, in some cases at least, pay and performance have been inversely related. Second, corruption – most recently seen in the cartel arrangements for the setting of the London Inter-Bank Lending Rate (LIBOR); effectively, price-fixing. Thirdly, we have seen greed and corruption together when, for example, individual traders have incurred multi-million pound losses on financial trading.

The ‘responsible’ face of capitalism of the last twenty years has been seen in corporate social responsibility, ethical investment, responsible corporate governance and the recognition that business has social value and that business and society have shared values. However, although such approaches may be seen as worthy, they have been unable to give a coherent defence of the market in the light of apparently intractable problems and unethical behaviour. These expressions of responsible capitalism have been marginal; the problem, we are told lies at the heart of the market system itself. Indeed, seemingly, capitalism itself is dead, killed off in early 2000s just as God was killed off by liberal theology in the 1960s.

The problem is reinforced by recognising that the policy prescriptions to the crisis have been all too familiar. Keynes is Lazarus (if not Jesus himself). He has risen from the dead as the medicine has been demand-management by government (higher taxes, only modest management of spending), an increase in regulation (usually after the horse has bolted or locking a door no-one ever opened), challenges to the very concept of economic growth (through such weasel words as sustainability and the green economy), ignoring the supply-side of the economy and potentially destructive inflationary pressures through what has been called in the United Kingdom, ‘quantitative easing,’ but used to be called increases in the money supply but not backed in the real economy. It looks to be all over for the market economy.

In a recent speech, the executive director of the Bank of England, Andrew Haldane, commented that the response to this crisis has been the same as to every other, more risk management, more regulation, and indeed more regulators. That has been true in North America as much as in the United Kingdom.

Christians, worried about ethical behaviour, have connived with these policy prescriptions and the consequence is that the solution has become part of the problem. Why are more regulation and more regulators seen as moral? Why are tax increases seen as moral rather than tax reductions? Why is government spending more moral than private spending? Indeed, we might ask, morally, how much government can we afford? Andrew Haldane suggested an alternative approach might be to simplify and streamline the control framework.

What is needed is a new paradigm of understanding of the nature of the enterprise economy and the values which underpin it. We need something different from incremental adjustments to government spending, high levels of taxation, the stifling of business, creativity and innovation; income taxes, corporate taxes, property taxes, capital taxes, inheritance taxes. There used to be a colloquial expression, ‘born free, taxed to death’; the only problem with the phraseology in my experience is that the taxation continues after death.

We need to recover a proper view of the market as a moral place to do business and of the essential creativity of the human person, created by God, and a value system which enables moral individuals to shape imperfect markets rather than governments to regulate them.

**The ethical problem**

So then, what is the ethical problem? In Matthew 10:16 Jesus told his disciples, ‘I am sending you out like sheep among wolves. Therefore be as shrewd as snakes and as innocent as doves’. Note we are being sent into the economic and business world (in other words, ‘we are called,’ as well as sent), we are to exercise wisdom (represented here by the shrewdness of the serpent) and to uphold ethical values (represented here by the innocence of the dove). Others (here, the wolves) will not share these values. However, as well as shrewdness, serpents can also deceive (as in the Garden of Eden), and the dove (sent out as the Flood subsided) can also represent new life and new creation. So this is the ethical problem, how to be wise but not ensnared, ethical but also a creator of new wealth.

The first is Tony Blair, who was the British Prime Minister from 1997 to 2007. The second is a man called Alistair Campbell who was a senior adviser to Mr Blair, his communications director or spin-doctor. In 2003, the then Prime Minister, Tony Blair, was interviewed by David Margolick for an article in Vanity Fair. Margolick asked Blair about his faith and whether it created a bond with US President George W Bush. At this point, Alistair Campbell, Blair’s senior adviser, intervened with the memorable words ‘We don’t do God,’ ‘I’m sorry, we don’t do God.’

The need to ‘do God’ in the world of economics, business and politics is amply underlined by this quote from the newspaper magnate, Richard Desmond - ‘ethical…. I don't quite know what the word means…We don't talk about ethics or morals because it's a very fine line and everybody's ethics are different.’

Desmond reveals the problem. There are no absolutes and therefore there are no ethical absolutes; everything is circumstantial to be determined by the situation itself. This shows us that we do indeed need to do God, to talk about ethics and values; we need to do so in the context of an enterprise economy which is itself an expression of God’s creative provision for mankind.

**Key building blocks and principles**

This leads us to a number of key building blocks and principles in understanding how entrepreneurs can operate ethically within an enterprise economy. Perhaps the most basic building block may even be the most controversial – it certainly would be in the United Kingdom especially in a church-related setting – one of the very reasons for my recent establishment of the Centre for Enterprise, Markets and Ethics. It is my contention that the market is not immoral, or even amoral but a deeply moral mechanism. Many conclude or argue that the market is immoral. Examples from the last 30 years or so have included the ‘evangelical left’ (so Danny Collum of Sojourners), the British theologian, Andrew Kirk and many church leaders, formed and shaped by a corporatist command economy outlook. The German theologian Jurgen Moltmann has also been trenchant in his criticism of the market. However, the conclusion that the market itself is the problem, that the market itself is immoral leads directly to the policy prescriptions that we have experienced that are so destructive of growth, innovation and enterprise and sees a perverse morality in high levels of taxation and enhanced roles for governments. One response is to see the market then as amoral, neutral, neither good nor bad. However, this too leads to the same policy prescriptions.

I want to argue that the market is moral because it sets a fair price, efficiently allocates scarce resources, brings willing buyers and willing sellers together; it is a field in which to exercise our economic creativity, a school in which to enhance our skills, part of God’s provision for ensuring the proper use and allocation of his resources.

Now we all know that markets are also imperfect, they lack the necessary perfect knowledge and information, there are flaws and leakages from the system, the problems of public goods, externalities, monopolistic or oligopolistic power and so on. So, enter into the market place the moral person, the individual endowed by God with skill and innovation, the person redeemed by God, and who brings to the imperfections of the market, not regulation, but values.

From this analysis then of the essential morality of the market populated by many people with the values of God, four basic principles emerge –

1. *Wealth creation is a moral enterprise essential to economic well-being.* The human person has been endowed by God with skill and innovation. We see this in some very important and rarely noticed verses from the book of Exodus. In his instructions for the construction of the tabernacle, in Exodus 35, Moses says: “See, the Lord has chosen Bezalel…and he has filled him with the Spirit of God, with wisdom, with understanding, with knowledge and with all kinds of skills— to make artistic designs for work in gold, silver and bronze, to cut and set stones, to work in wood and to engage in all kinds of artistic crafts. And he has given both him and Oholiab son of Ahisamak, of the tribe of Dan, the ability to teach others. He has filled them with skill to do all kinds of work as engravers, designers, embroiderers in blue, purple and scarlet yarn and fine linen, and weavers—all of them skilled workers and designers.” Extraordinary verses right at the heart of the Judeo-Christian law in the Old Testament. Here we have crucial concepts of entrepreneurship (being filled with wisdom, understanding and knowledge), artistic skill, manufacturing and human capital (the ability to teach others); in other words the basis of wealth creation and economic growth in an enterprise economy. These are deeply godly activities.
2. *The generation of profit is a deeply moral consequence of the morality of the market, but carries with it a huge responsibility.* The application of these skills in the market place generates economic surplus for both the producer (in terms of profit) and the consumer (in terms of the satisfaction of wants at a fair price). The question which arises then is what is the responsibility of the wealth creator and the generator of profit? I would suggest two words; investment and philanthropy. Investment because capital is the basis for the future generation of wealth. Some created wealth needs to be reinvested in the economy if economic growth is to be sustained for the benefit of all. In other words even though the market rightly rewards risk, if all surplus is removed by wages or dividends, then future growth is threatened. Hence there needs to be a restraint on present reward in order to ensure future growth. Then philanthropy. If there are those who have suffered due to imperfections in the market, or are excluded from participation, then if we believe as many have done, that markets are immoral or amoral, it is the role of government to intervene. However, we have seen that government intervention is often part of the problem rather than the solution – indeed there is a direct inverse relationship between economic growth and the proportion of national income represented by state expenditure; the higher the proportion of GDP represented by government spending, the lower the rate of economic growth. Rather, in the moral market, the role of the moral individual is to exercise responsibility towards those in need rather than to abdicate it to the state. We have seen this expressed historically by philanthropy leadership and Christian charitable action.
3. *The calling into business is as deep a calling as any other.* The Protestant tradition has emphasised the priesthood of all believers from the time of John Wycliffe and Martin Luther, but then often betrayed that principle by elevating the pastor or missionary or church worker or perhaps even the caring professional into a position of primacy within the vocational calling of God. If we can recover the vocation to business as a calling as strong, as holy, as meaningful as a calling to employed Christian ministry we will go a long way towards solving tomorrow’s ethical dilemmas. If tomorrow’s CEO or derivatives trader knows that they are called, then they will exercise godly responsibility. It all begins with call.
4. *Enterprise is new creation.* Human capital applied in the moral market is the exercise of creativity, innovation and enterprise. This pleases God. In the same way that the story of God is the story of death and sin, so is the story of God the story of new birth, creation and recreation. The economy of God is one in which this creativity is exercised in the creation of new wealth, development of skills and human capital, in investment, employment and reward. Sin and death means that we cannot exercise perfect morality in the moral market, there can be corruption, greed and sin. That is in itself why we need so many redeemed and called individuals to exercise in this particular field.

**Conclusions**

So let me draw some conclusions. You are needed. You are needed to work in the economy of God for the benefit of humanity. You are needed to display that innovation and creativity with which you have been endowed. Your morality comes from your identity not as an economic agent as such, but as a person who is in Christ. Your call is central to your purpose. As redeemed people of God you are called to the exercise of morality and responsibility, to the exercise of moral responsibility in a moral market and this is the key means by which God provides for his people both economically and humanly. Or to put it another way; you can indeed be ethical and make money at the same time; indeed we are called to do both.

**Richard Turnbull**

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