

# Who Needs Barns?

## *A Moral anatomy of the 'Savings Crisis'*

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### **Crisis, what crisis?**

When the *Sun* put those words into the mouth of Jim Callaghan in 1979 it was a highly effective rhetorical device designed to portray him as complacent in the face of piles of rubbish in the streets. What follows are sceptical rather than complacent questions.

The questions are asked so as to bring into the light some assumptions and motivations which may be prompting the talk of a 'savings crisis' as well as the responses that are being proposed. Bringing those assumptions into the light may lead to the conclusion that there is indeed a crisis as it is being presented, or that there is no crisis, or (and this is what I shall argue) that there is a crisis but that it is being misdescribed with the result that the proposed responses will either be ineffective or remedy the crisis as misdescribed but not the crisis there actually is.

The crisis is claimed to be that people are not saving. The claim is so widespread that political debate, such as there is, is entirely about suggested remedies, hardly ever questioning the basic perception.

We do not however have to rely on the political debate; we are fortunate in having to hand Andrei Rogobete's careful and detailed account of the 'crisis' and the possibilities for remedying it. His opening words lay out the challenge as it is widely seen:

Over one third of people in Britain have less than £1500 in savings, and 15 percent have no savings at all.... an estimated 53 percent of 22-29-year-olds have

zero savings. ... over 75 percent of 25-34-year-olds do not any form of residential property.<sup>1</sup>

This opening paragraph lays out very clearly those unquestioned ways of speaking. They may be summarised thus:

- 1 'Savings' are to be measured in money.
- 2 We know what 'money' is and how it works; it is just the same as it has always been.
- 3 More is better; less is worse; none is disastrous.
- 4 Increased savings confer their benefits equally, and decreases in savings impose equal burdens on everyone; and incidentally
- 5 A person's home, if 'owned', is to be described as 'residential property', i.e. as a category of savings

### **1. Measuring in Money: Social Ethics by numbers**

There's a convenience about measuring things in monetary units: comparative pricing enables the exercise of judgment and often the relative 'value for money' of different models of something that we might wish to purchase. The temptation is to let it become a substitute for moral reasoning, attractive because numbers give the appearance of preciseness and objectivity.

But just as 'painting by numbers', while sometimes generating colourful ways of decorating a wall, is not 'creative art', so numerical relations cannot replace moral reasoning, and indeed may be an obstruction to it.

In the case of savings, measurement in monetary units may make it less likely that we shall notice that some things might be worth 'saving' for non-monetary reasons, and focussing on monetary valuation may cause other things to be neglected. Many of us possess things that we'd certainly want to keep rather than sell, whether or not they have monetary value. Those things, perhaps things that have been in the family for generations or remind us of

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<sup>1</sup> Andrei Rogobete, *The UK Savings Crisis: Rediscovering the Principle and Practice of Saving* (CEME 2020) p.8 (hereafter SC)

important moments in our lives, we often describe as having ‘sentimental value’, with the adverb ‘merely’ not far below the surface.

Measurement of savings in monetary units also ignores the massive changes that have happened to ‘money’ in recent times; the money-driven capitalism which dominates economic thinking now is radically different from that under which the prudence advocated in the nineteenth century was appropriate.<sup>2</sup> Attempts to increase savings (or to address the ‘savings crisis’) extrapolate from the experience we may have of ‘saving up for’ a particular and foreseeable need such as a holiday or a new car to the macro economy where the very different character of money operates for very different purposes and in very different ways. Nineteenth-century savings movements operated in a very different economy, where money was not generated by banks giving loans by multiplying their deposits. When my parents-in-law saved to repay their mortgage in the 1930s they were encouraged in part by the fact that ‘money’, in the form of mortgages, was rationed; if they paid theirs off someone else could have one. It is only necessary to state that fact of history to make clear how different our money is from theirs.

## **2. More is better; less is worse**

Biblical wisdom invites us to a much less simplistic account of the good and the less good view of savings. Saving was clearly a good thing when Joseph saw a famine coming:

Joseph was thirty years old when he entered the service of Pharaoh king of Egypt. And Joseph went out from the presence of Pharaoh, and went through all the land of Egypt. During the seven plenteous years the earth produced abundantly. He gathered up all the food of the seven years when there was plenty in the land of Egypt, and stored up food in the cities; he stored up in every city the food from the fields around it. So Joseph stored up grain in such abundance—like the sand of the sea—that he stopped measuring it; it was beyond measure.

Before the years of famine came, Joseph had two sons, whom Asenath daughter of Potiphara, priest of On, bore to him. Joseph named the firstborn Manasseh, ‘For’, he said, ‘God has made me forget all my hardship and all my father’s house.’ The second he named Ephraim, ‘For God has made me fruitful in the land of my misfortunes.’

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<sup>2</sup> The literature portraying the changes in the character of money and the implications of those changes is massive. See my *An Idol Unmasked: a Faith Perspective on Money* (DLT 2014) and the detailed accounts in, e.g., Nigel Dodd, *The Sociology of Money* (Continuum 1994), and the chapter on ‘Money’ in the report of the Church of England Doctrine Commission, *Being Human* (Church House Publications 2004)

The seven years of plenty that prevailed in the land of Egypt came to an end; and the seven years of famine began to come, just as Joseph had said. There was famine in every country, but throughout the land of Egypt there was bread. When all the land of Egypt was famished, the people cried to Pharaoh for bread. Pharaoh said to all the Egyptians, 'Go to Joseph; what he says to you, do.' And since the famine had spread over all the land, Joseph opened all the storehouses, and sold to the Egyptians, for the famine was severe in the land of Egypt. Moreover, all the world came to Joseph in Egypt to buy grain, because the famine became severe throughout the world.

*Genesis 41.46-60*

So Joseph had an answer to 'Who needs barns?' Nobody at the moment, but the day will come when everyone will need what has been set aside in the years of plenty; so we need to get building now, and storing surplus grain now. He achieved massive provision for the impending famine; he also (let it not be forgotten) achieved huge prosperity for Pharaoh and power and status for himself; as a result of his foresight he had cornered the market. Had he not been successful in his meteorological and economic forecasting we probably would not be reading about him.

But that does not mean that it's always good to store up your surplus grain:

Someone in the crowd said to Jesus, 'Teacher, tell my brother to divide the family inheritance with me.' But he said to him, 'Friend, who set me to be a judge or arbitrator over you?' And he said to them, 'Take care! Be on your guard against all kinds of greed; for one's life does not consist in the abundance of possessions.' Then he told them a parable: 'The land of a rich man produced abundantly. And he thought to himself, "What should I do, for I have no place to store my crops?" Then he said, "I will do this: I will pull down my barns and build larger ones, and there I will store all my grain and my goods. And I will say to my soul, Soul, you have ample goods laid up for many years; relax, eat, drink, be merry." But God said to him, "You fool! This very night your life is being demanded of you. And the things you have prepared, whose will they be?" So it is with those who store up treasures for themselves but are not rich towards God.'

He said to his disciples, 'Therefore I tell you, do not worry about your life, what you will eat, or about your body, what you will wear. For life is more than food, and the body more than clothing. Consider the ravens: they neither sow nor reap, they have neither storehouse nor barn, and yet God feeds them. Of how much more value are you than the birds! And can any of you by worrying add a single hour to your span of life? If then you are not able to do so small a thing as that, why do you worry about the rest? Consider the lilies, how they grow: they neither toil nor spin; yet I tell you, even Solomon in all his glory was not clothed like one of these. But if God so clothes the grass of the field, which is alive today and tomorrow is thrown into the oven, how much more will he clothe you—you of little faith! And do not keep striving for what you are to eat and what you are to drink, and do not keep worrying. For it is the nations of the world that strive after all these things, and your Father knows that

you need them. Instead, strive for his kingdom, and these things will be given to you as well.

‘Do not be afraid, little flock, for it is your Father’s good pleasure to give you the kingdom. Sell your possessions, and give alms. Make purses for yourselves that do not wear out, an unfailing treasure in heaven, where no thief comes near and no moth destroys. For where your treasure is, there your heart will be also.

*Luke 12.13.34*

The rich man in the parable also had an answer to the question, ‘Who needs barns?’: He did. But in his case he wasn’t around to enjoy the profits from his investment, though surely, we might imagine, he’d have made a will and set up a trust fund for his grandchildren. He is remembered, however, not for his wisdom but for his foolishness in not reckoning with what was coming.

So quantity is not a good guide to whether we need savings and how much. To put it succinctly, it is not always prudent to be prudent. In a macabre re-enactment of Christ’s warning in the parable, my mother would often tell of being brought up in a family where the blinds were kept drawn in order to ‘save’ the carpets from fading; which meant in their case that Hitler got their carpets in pristine condition (not to mention their monetary ‘savings’ too).

The benefit of savings is far more situation-dependent, therefore, than a merely quantitative measure suggests; whether saving is a good idea depends on what time you think it is. Is there a famine coming? Will house prices go on rising? Is the sale about to end? Currently most people reckon that ‘recovery’ depends not on people ‘saving’ but on returning to the habit of spending, often with the lure of discounts, interestingly described as ‘massive *savings*’ in the adverts. Even the growth-optimists about the post-covid recovery are not expecting people to spend a large proportion of what they have not spent during the pandemic

### **3. Who ‘saves’ – and who doesn’t – and why?**

On this face of it this is a very simple question: people who have a surplus after meeting basic necessities save; people who haven’t don’t. The former group not only save, but are able without doing any work to increase their ‘savings’ by various forms of rent-seeking, profiting from interest and capital gains, while the latter group will almost always have to

work to earn and are unlikely ever to be in the position to save, let alone get rent for their savings.

But the purpose of asking a question with so obvious an answer is that it reveals the effect of 'savings crisis' talk in adding a further burden to the poor. You haven't enough, the unstated argument runs, because you haven't 'saved' – and (the implication is contained in the word) you should have done. So when people are unable to afford a holiday because they are on low wages we tell them that the reason why they haven't had a holiday is because they haven't saved for one. 'Savings crisis' talk injects a note of moral judgment; they have not done what they ought to have done. The words associate the poor with the imprudent and even the profligate, while those who 'save' (because they have more than they need) can more easily be imprudent or profligate without harming their basic quality of life, and are very unlikely to incur opprobrium for that reason.

The way in which talk of 'savings' injects a note of inappropriate moral judgment goes far beyond those thought of as the poor. 'Generation rent' includes many who would not think of themselves as poor, but have insufficient funds to pay the deposit on a property they would like to buy. That is because while their income may be adequate to meet their everyday needs there is no surplus, or else they have not yet been employed for long enough for a sufficient surplus to accumulate. When that insufficiency is described as a lack of 'savings' there is a clear implication that they could have had enough if they had saved.

#### **4. What are 'savings' anyway?**

If you keep your savings in cash in a teapot at home the Bank of England is (theoretically) in debt to you to the extent of what the Chief Cashier promises to pay you on demand. But that is not what generally happens to savings. Mostly they either lie in current bank accounts, or are deposited to earn interest or are invested directly in property, shares or bonds. That is to say that savings are only possible because someone else, an institution or a government, is willing to borrow. All 'savings' are resources lent to someone else. The 'someone else' is quite likely to be an institution, a bank, a pension fund.

And what happens to these 'savings' then? Quite a lot of them are 'invested' in property, often residential property, increasing demand and therefore prices. So while generation rent is saving up to put down a deposit on a home their savings are effectively raising the

prices of the property they are seeking to buy. Rent payers are effectively supporting rent seekers, sustaining our totally dysfunctional housing market and condemning generation rent to what is actually a race they cannot win.

Of course, for any particular individual who is saving up for their deposit with whatever surplus income they have this macroeconomic phenomenon may well be concealed, and indeed many are successful in paying their deposit, and then borrowing other people's savings multiplied in the fractional reserve process that keeps house prices rising. Like the individual saving for their new car or their annual holiday, the saver may enjoy a personal success in a particular savings project that conceals the larger picture and leads to the assumption that the whole process is benign.

This then is subtly justified by changing the vocabulary. We are invited to forget that the critical social objective is that people should have the security and enjoyment of a *home* for themselves and their family; we speak instead of 'investment in residential property' or 'getting on the property ladder'. Our home ceases to be our place of rest and security and becomes instead a 'savings vehicle', a place on a 'ladder' whose top is further extended as those with 'savings' pour them into a finite resource.

### **5. What would a drive for more 'savings' lead to?**

The savings crisis as described in SC and widely assumed is presented as the sad truth that the poor don't have savings. But the solution, that there should be more savings, is one that will drive the level of inequality even higher. For, as the parable ends, there will come a 'night [when] your life is being demanded of you'. On that night your 'savings' become your inheritance, passed to the next generation to ensure that they have their opportunity to enjoy the better start in life they have compared with the children of the poor who die without 'savings' or any ownership of 'residential property'.

The supporters of a savings drive are also the supporters of the 'right' to bequeath property to the next generation. The pressure to provide good social care for the elderly, a good instinct, is thereby sullied by the campaign to stop people having to sell their homes to pay for their care. That is to say, what purports to be a concern for the wellbeing of the elderly is also a concern to safeguard the inheritance of the middle aged.

## 6. Crisis, what crisis? A different imperative

There is indeed a crisis; but calling it a 'savings crisis' conceals its true nature. The real crisis has appeared at different points in this paper, and it is a crisis of inequality in general and poverty in particular. To the extent that it is about saving it is the crisis of a failure to conserve the resources with which human beings have been entrusted – of nature, of the planet .

Further, it is a crisis of public meanness, encouraging forms of saving by individuals which give to those who have while further depriving those who have not, a crisis which will be exacerbated by a 'savings drive'.

The biblical stories included in this paper should provoke a very different kind of response:

1. First, the 'prudence' that is required is a *public* prudence which which human beings are encouraged to work together to 'save' the limited resources of our planet in the interests of 'saving' us from the climate emergency which is our equivalent of Joseph's years of famine, and the vast number of conflicts occasioned by the massive inequalities of wealth within our nation and globally. The key point about 'prudence' is that it should be (as Gordon Brown put it at the end of one of his budget speeches, 'prudence for a purpose', a phrase that signals the importance of an ethical evaluation of its *purpose* and character.
2. Secondly, the teaching of Jesus (and the way in which that has been lived out by generations of his followers who took it seriously) points in the direction of a profligate and trustful generosity in every aspect of our lives; within a democracy that includes, alongside personal generosity, a willingness to vote against our own interests and the interests of those who have rather than using the language of 'savings' to persuade them that their poverty is their fault and therefore that they should vote against their wellbeing.