

## Crisis and Recovery

### Subtitle: Ethics, Economics and Justice

*Rowan Williams and Larry Elliott (eds) (± \$42) Hardcover  
Palgrave Macmillan 2010*

The financial crisis is about more than money. This book deals with the fact that the recent Global Financial Crisis reminded us that it is also about morality. Exploring the links between the activities of bankers and the wellbeing of society as a whole the authors hope to reclaim economics for the humanities. Economics is not morally neutral and finance needs ethical scrutiny. The Most Reverend Rowan Williams, Archbishop of Canterbury, and Larry Elliott, Economics Editor of the Guardian, bring together a group of distinguished commentators to open up the ethical debate in the search for a fairer vision of economic justice. It is an “ambitious plea for a renewal of political culture and social vision, a renewal of civic energy and creativity” (p xiii)

Larry Elliott starts with a concise run down of how and what happened with what has become known as the GFC, warning that thinking modest changes can fix this, would be a perverse reading of events. The authors are hoping that the financial markets can still be put back in their proper place. They’re hoping to “re-educate” as part of this process.

Rowan Williams writes about knowing our limits. “Economic exchange is *one of the things people do.*” (p21) It is not the only “real” thing we do. It is about good “housekeeping” that seeks common wellbeing so that all the other things can happen and each person is both needy and needed. “Wellbeing” of humanity is what is important.

Robert Skidelski explores investment and public policy in a globalised economy using the insights of Keynes’s General Theory. He argues that Keynes has a lot to say about current events and that we need to “hear” his advice in our day. It is about risk and uncertainty. When risk can’t be correctly priced, uncertainty prevails. To emerge from this (and to prevent the periodic breakdown of market economies) Keynes would have told us to take measures to stimulate (public) investment, to use the taxation system to stimulate private consumption, and to reform the international monetary system (basically to reduce the amount of global reserves).

Jo Cruddas and Jonathan Rutherford argue for a culture change in the banking industry to reflect ethical values. Britain has moved from producing to borrowing to sustain a standard of living. The authors argue for the creation of an ethics for the common good. An ethical socialism.

Philip Blond attacks what he calls market fundamentalism where there are only two powers left: the state and the marketplace. We need a moral economy, rather than inhibiting the free market, as a precondition.

Adam Lent argues that Britain has had 30 years characterized by collectivism (1940-1970) followed by 30 years of individualism following the Thatcher years. We need to create a politics based on a radical ethic of diversity inclusive of both. In this the state needs to play a bigger role.

John Reynolds (theologian and investment banker) explains why incentives will mostly triumph over ethics in the banking sector and Andrew Whittaker explores cultural trends (the risk culture, groupthink and the devaluation of values) that contributed to the crisis and follows up with a plea for tougher financial regulation and the recognition of the importance of people issues alongside economic and structural ones (especially in identifying the risks inherent in cultures).

For Zac Goldsmith the future of the planet depends on a reworked market system. Government leadership will be the difference between success and failure. Fear to act needs to be addressed. This is closely tied up with our responsibility to manage the environment "Mother Nature doesn't do bailouts" (p181)

This book is timely and well written. There is an air of naivety about it (so people will just become less greedy because it is in the common good?) but it is certainly worth reading ... and the big "but" ...will those who need to read it, do so? Will those with a "tin ear for fairness" (p189) even take note?

Chris Crause, 2011