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Risk and reward

The changing economy and the social fabric

topics:

- *influence of economy on the social fabric*
- *economic flexibility and personal insecurity*
- *economic risk and corrosion of character*
- *civil society and the “solidarity of the shaken”*

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Economy, personhood and market

My starting point is the observation that economic affairs have never been taken particularly seriously by the churches as part of an analysis of human wholeness. My experience is based particularly in the churches in the UK and Europe, but contacts with practitioners in other pastoral and therapeutic communities suggests that they too find themselves somewhat out on a limb when pursuing the links between people's roles within the economy and the conceptions of personhood and identity which are commonly used in pastoral situations. To be sure, there have been plenty of studies of the impact of unemployment on health, and there is more and more work examining the impact of long working hours – especially here in Britain where we have the longest average working hours in Europe, one in five persons regularly putting in more than 48 hours a week. But the Integration of disciplines has not gone very far. Statisticians are opening up new knowledge about work. Counsellors and therapists are picking up more work-related problems. But the wider debate about how economics affects persons in community, and what it means to be a person or belong in a community under our present economic dispensations, is less developed.

This is, of course, not a weakness unique to pastoral studies. Western cultures have moved on a fair way since the Clinton campaign team were able to say “it’s the economy, stupid!”, as if economic questions were the only issues of any political importance. As Ian Markham argued a few years ago, the focal questions seem to be shifting from crude economic grounds into wider questions of culture¹. But it seems that the end of the cold war has left us without the conceptual tools to discuss the morals of capitalism in the public realm. So the increasing interest

¹ Ian Markham : "Tapping Alternative Traditions: Culture not Economics", *Crucible*, Jan-Mar 1997, pp 2-14.

among economists in the connections between morals and economics² is not yet infiltrating public discourse at a popular level nor is it yet taking off in interdisciplinary terms. The debate in economics continues to be largely concerned with the moral arguments for or (to a much lesser extent) against the concept of the market. I want to return to those arguments, but first I think it is important to establish that economic issues impact profoundly on the daily experience of being human.

And I am particularly concerned here with issues of work and the labour market. Much more could be said about the related question of our increasing self-definition in terms of consumption. But it is as beings who sell – or try to sell – our labour that I am most exercised.

Flexibility and insecurity

The vocabulary around ‘flexible’ employment has always tended to leave unexamined the question “flexibility for whom?”. At periods of skill shortage in particular industries flexibility has worked for employees – a good example is banking in the late-80s when all kinds of family friendly policies were being implemented by some high-street banks in the UK – but that was before the rapid take-off of telephone and Internet banking and the latest generations of ATMs. Mostly, however, flexibility has been about reducing labour costs. And this kind of flexibility has developed rapidly. Only about 15 years ago, I remember a German industrial missionary telling me about the introduction of zero-hours contracts – staff called in only when required, paid only for the hours they work and obliged to wait by the phone on the off-chance of being needed. Within a very few years, zero-hours contracts were appearing in the UK and now they are quite common. Flexibility as control of labour costs is also reflected in the UK’s reluctance to sign up to European standards of employee protection. The argument used to be that transnationals could choose to locate in the country with the lowest costs in terms of labour. But as we have discovered recently in the cases of Ford and Rover/BMW, transnationals find it easiest to withdraw from countries with low standards of employee protection for just the same reasons.

Flexibility and casualisation have greatly magnified the sense of insecurity among people at work. It is becoming clear that our long working hours in the UK are not just about contractual obligations but result from two other cultural/economic factors. At the bottom end of the labour market, long hours are the only way to earn a decent wage. The National Minimum Wage (and the miserly arguments against indexing it to average earnings) has not alleviated the pressure to extend hours in order to get off the bread-line. But at virtually every level of the workforce an increasingly competitive ethos, engendered by the culture of flexibility, leads to the phenomenon of ‘presenteeism’ – being seen to be present; being seen to be committed. Unsurprisingly, long working hours are not closely correlated with higher productivity.

Some recent research³ has cast doubt on the actuality of job insecurity. The average male job lasted 10 ½ years in the 1970s and lasts 9 ½ years now. Not a star-

² See, for example: Samuel Britton and Alan Hamlin (eds), *Market Capitalism and Moral Values*. Edward Elgar, 1995; D. Hausman and M McPherson, *Economic Analysis and Moral Philosophy*. CUP, 1996.

³ See the work of Prof. Francis Green (Univ. of Kent), reported in *The Guardian* 21 June 2000.

tling decrease. But what is not measured in that survey is the perception of insecurity and the changing balance of power in the workplace. We know from the study of crime that fear of crime is a more debilitating factor than any increased statistical incidence of crime. It would be surprising if perception of insecurity at work was not equally potent.

What the same research shows is a steep rise in what is called “work intensification” – the measure of how hard people have to work. Britain comes at the top of the work intensification league in the European Union. What is clear is that, for very many people, the interstices in the working day – the small gaps to draw breath, to chat for a moment, or clear the head – have largely disappeared. Workplaces are driven spaces.

There are, of course, issues of personal health, good relationships and emotional well-being here. It may be, however, that the empirical research is more ambiguous than simply demonising modern working practices. It is at least conceivable that, whatever the deleterious effects of flexibility and work intensification, there are some pay-offs in terms of personal identification with work. Whilst over-identification of oneself with one’s work doesn’t sound healthy, neither does the idea that our work is only to pay the bills and our ‘real’ selves exist outside it. But here I am staying from my areas of knowledge or expertise.

Talking about risk

What interests me rather more is the wider social dimension of these labour-market changes, which means giving some consideration to those who are *not* subject to the new insecurity. To put the issue at its simplest, it appears that risk in social economic relations is shifting rapidly down the scale – and that our vocabulary of morals has failed to keep pace with this.

For example, the vocabulary of the capitalist ethic treats the gain accruing the investor as a reward for taking a risk with his or her capital. Whenever the level of such ‘unearned’ income is called into question, the justification given in reply is that risk-taking must be rewarded so that there is an incentive for people to take risks – for without risk-taking nothing new ever happens.

It’s not necessary to disagree with the latter part of that argument to want to raise some fairly important questions here. First of all, how risky is the game? How big a risk is involved when we hazardous wealth in the economic system? For those of us who invest in a small way through Building Societies and so on, the answer has to be that the risk is negligible. Interest rates go up and down, but we don’t jeopardise our capital. What’s it like higher up the economic tree? The pension fund investors are pretty risk-averse, and that both reduces the riskiness of the stock market and cramps innovation considerably⁴. Insurance is a good deal more risky. But what happened to the Lloyd’s ‘names’ when times got hard? These were, on the whole, wealthy people who staked their wealth as surety in the insurance market and happily pocketed a substantial income as a result over years. And when the market was hit by a succession of unforeseen catastrophes, and Lloyd’s called on its ‘names’ to back up the situation, the cries of anguish were pitiful. There were calls for compensation so that these ‘investors’ didn’t lose out. Investment had been seen as a one-way ticket. The very lucrative returns were a ‘re-

⁴ See Will Hutton, *The State We’re In*, Jonathan Cape, 1995. p 56 ff and passim.

'reward' for a real risk – but a risk which was not considered to be part of the game. If Las Vegas was organised on these lines it would perhaps still be a desert.

The scandalised reactions of the Lloyd's names was only the most extreme manifestation of the dissonance between our vocabulary of reward and the reality of risk. In practice, the investor's risk is negligible. Like bookmakers on a race-course, the financial markets are able to lay off high risks in other parts of the market. The big crashes of recent years like Barings, or even the Church Commissioner's 8 millions British Pounds losses on property investment, are traceable back to system failure within the company concerned – failure attributable to the arrogance of bending the rules or the naivete of misunderstanding how the market worked.

I am not arguing that there is no risk involved in capital investment. I am arguing that rhetoric continually exaggerates the risk involved as justification for otherwise unjustifiable rates of return.

And this is going on simultaneously with the increasing riskiness and insecurity of working life for very large proportions of the population. The chance of losing everything is much higher for a manual worker than for an entrepreneur. There is a rhetorical basis for this trend as well: one which underpins the mantras of flexibility. Exponential change, it is claimed, makes structures and institutions redundant. A friend's son, 18 and just left school, is spending his gap year with a firm designing web-sites. He is earning more in that year than I do (not, perhaps, that difficult!). He comments that unless there are plenty of 'pre-pubescent school-kids' around the firm, the clients won't take it seriously. The rhetorical wisdom is that only the very young can cope with the rapidity of change. And – importantly – this does not have to be verified empirically in terms of them (or anyone else) proving what they can do. It's about image and expectation and a culture of short-term results. But meanwhile the structures and institutions that once made work our passport to citizenship are becoming moribund. Where the path of a career was mapped out in institutional membership, there is now little concept of corporate loyalty. Where trade unions once sought to even up the balance of power at work there is now no intermediary between the individual and the corporation. That doesn't mean workers have no power - it means that their power is not intrinsic to themselves but reflects only the market value if their skill at one particular moment.

The corrosion of character

Richard Sennett has studied the effect of the new insecurity in the working environment in his book *The Corrosion of Character*⁵ - tracking the way in which concepts, such as loyalty, become impossible to sustain and, most importantly, impossible to transmit to the next generation. The family context cannot be shielded from the morality of the workplace. What's more, the vocabulary of the former – of trust, of united goals – has been annexed by the corporation and has invaded the workplace in such a way that conflict of interests is denied articulation. "The good team player doesn't whinge". And, as Sennett points out, the concept of leadership is wonderfully slippery – a 'leader' is, by definition, on 'our' side.

⁵ Richard Sennett, *The Corrosion of Character*, W W Norton, 1998.

Put all this together and you have a very heady brew. The ‘slippage’ between the capitalist vocabulary of risk and reward, and the reality (of big rewards for small risks and vice-versa), may be no less accidental than the ‘slippage’ in corporate managerial vocabulary which removes the conceptual possibility of conflicting interests whilst the reality of capital and labour goes on as before

Now at this point I think there has to be a change of gear. It’s one thing to rail against the excesses of global capitalism; rather another to offer any way beyond it. In church circles I have got somewhat bored with hearing devastating analyses of the failures of a market economy (and, indeed, of a market society) and then – nothing. To expose an evil is a manifest service to humanity, but to go on exposing the same evil again and again raises important questions about compromise and the persistence of evil. If the only alternatives we can put forward turn out to be Utopian councils of perfection, with no indication of how to get from here to there, maybe we need to revisit the theological truth that the Kingdom of God is inaugurated but not yet realised! In other words, human affairs in the current dispensation are characterised by contingency and moral ambiguity. We have seriously to ask whether modern global capitalism is, as its protagonists claim, the least bad option – and its abuses of truth and human dignity the prices to be paid for avoiding something worse.

I don’t think we have to go so far as to fall in behind political economists like Hayek or theologians like Michael Novak who take that kind of line. But what we can do is to shift the emphasis of our own responses somewhat away from pronouncements and move toward processes. What, in other words, would it mean to seek a direction which moves away from an all-enveloping, but untruthful, grand narrative of global, managerial market economics but (taking consideration of our own moral wilderness) stops short of naively presenting alternative visions as realities?

Bishop David Jenkins used to say that when you are in a wilderness the first thing to do is to acknowledge that you *are* in a wilderness and stop running. The moral wilderness of late modernity seems to me to be both cause and effect in terms of the dominant vocabulary which so shapes working life and distorts our morality of risk and reward.

Sennett notes that: “Being continually exposed to risk can... eat away at your sense of character”.⁶ And he points out that risk has about it an inherently random character (“every particular role of the dice is random”⁷) which the vocabulary of rewarding risk seeks to deny. There is, as Sennett says, “no narrative which can overcome regression to the mean, you are always starting over”⁸.

The divorce between morals and economic outcomes

This fundamental dislocation between economics and working life, and the narrative that shape character ought to be deeply disturbing. And it is precisely that dislocation which MacIntyre has been exploring over the last twenty years or so in the philosophical odyssey which began with *After Virtue*⁹. “I can only answer the

⁶ Sennett, *ibid*, p. 84.

⁷ *Ibid*. p. 53

⁸ *Ibid*. p. 54

⁹ Alasdair MacIntyre, *After Virtue: A Study in Moral Theory*. (2nd ed) Duckwonli, 1985.

question ‘what am I to do?’” says MacIntyre “if I can answer the prior question ‘of what story or stories do I find myself a part’”¹. Market economics has been, quite overtly, the attempt to settle the problems of distribution in a pluralistic world where there is no widely shared teleological narrative by which justice can be determined. Because we are unable to say of which moral narratives we are part, the market steps in to adjudicate amorally between our competing claims. So markets are a consequence of moral fragmentation and the loss of unifying narratives. Yet they are also a cause of fragmentation, since the market is also a historic phenomenon which depends upon a moral inheritance which it denies, denigrates and, ultimately, destroys. In its insistence on the lack of shared moral narratives, the market closes down the possibility of there being shared narratives of injustice, of any kind. In consequence, the detachment of character and community from the workings of the labour market; the heightening of risk as the dominant economic experience; and the rhetoric of reward which illegitimately seeks to reconnect risk and character in a selective and fictitious manner, are all trends for which the tools of resistance are being systematically and intrinsically destroyed.

MacIntyre, of course, is celebrated for exposing the vacuous nature of moral discourse under late modernity. And it is revealing that he epitomises this situation in the three characters of the manager, the therapist and the aesthete.¹⁰ And it is the manager who he describes as the “dominant figure in the contemporary scene”. MacIntyre comments that: “among the central moral fictions of the age we have to place the peculiarly managerial fiction embodied in the claim to possess systematic effectiveness in controlling certain aspects of social reality” (*ibid*). And effectiveness is, for MacIntyre, emphatically not a morally neutral value. The point is that the manager – and managerialism – has become cut off from any defining narrative of ‘the good’. Managerialism thus works hand-in-glove with the parameters of a market economy which celebrates and reinforces exactly that divorce between morals and economic outcomes. It is not surprising that the driving force behind the new insecurity and the celebration of risk for the most vulnerable comes from a managerial ethos which lays claim to comprehend corporate effectiveness in a market which has no place for shared conceptions of ‘the good’.

There is a profound unsustainability about all this which many sense instinctively, others have explained conceptually, but few have discovered how to avoid. We know that the market economy depends for its functioning on the remnant of a pre-market social fabric – without that moral legacy fundamental market requirements of, for instance, honest transactions would be absent, since the market itself does nothing to promote truth-telling. It is quite clear that, to paraphrase the scenario with which MacIntyre opens *After Virtue*, we are working with the “simulacra of morality”, the “fragments of a conceptual scheme”, but we have “lost our comprehension, both theoretical and practical, of morality”¹¹.

MacIntyre’s way forward is, as is well known, “the construction of new forms of community within which civility and the intellectual and moral life can be sustained through the new dark ages which are already upon us”¹². That sentence, and *After Virtue* itself have been widely taken as a new communitarian manifesto.¹³ The return to communitarian values, the enforcement of a teleological

¹⁰ *Ibid*. p. 73

¹¹ *After Virtue* p.2.

¹² *After Virtue* p.263.

¹³ See, for example. *The Economist*, Dec 24 - Jan 6 1995. “Freedom and Community: The Politics of Restoration.”

ethic somehow recovered from the past, has proved a highly seductive package to authoritarian on both left and right and, not least, to the churches. Often accompanied by a snide anti-liberalism, political gurus like Amitai Etzioni¹⁴ and theologians like Stanley Hauerwas¹⁵ seek to affirm a narrative of community (especially in terms of responsibilities rather than rights) either for society as a whole (Etzioni) or for the church as a counter-cultural community (Hauerwas).

In expressing some of the nonsenses and contradictions of the liberal mode of detaching means from ends and of treating ethics as essentially relativistic, they have a point. But whilst this is not the place to expose how seriously the new communitarians misread MacIntyre's subtle position, the gaps in the communitarian response are manifest when we come to return to questions of the economy and the labour market.

Scarcity and abundance

It is not surprising to find that communitarians – whether political or theological – tend to be very neglectful of the economy and the labour market. For it is the economy which, ever since the rise of mercantilism, has challenged the autonomy of closed communities and has exposed established ethical traditions to other, equally coherent yet incompatible, narratives of the good life. Once people began to trade beyond the boundaries of their own community, the necessity for dialogue between ethical traditions became impossible to ignore. Present day communitarians tend to sweep this under the carpet, having little to say about the economy or, when they do, positing alternative economic models which are simply wish-lists.

A common communitarian response to economic matters, especially from the point of view of religious traditions, is to attempt to challenge the economic paradigm of scarcity. Consumerism, work intensification, world poverty and so on all transmute into non-problems if the notion of scarcity is replaced by one of abundance. This is, as I say, an especially potent idea in the churches¹⁶. But the theological point is that scarcity is an intrinsic condition of a world in which the Kingdom of God is inaugurated but not realised in its fullness. Scarcity in the economic sense is not just about having too little to go round – it is about the opportunity cost involved when a good is employed for one use and another use is forgone. As long as matter is finite, the economic paradigm of scarcity holds. The market has grasped that point clearly. Any alternative to, or modification of, the market model will require a comparative grasp of the notions of finitude and, hence, of contingency, and a comparable model of dialogue and communication between ethical traditions. In that sense, economic questions become serious test cases for ethical models – especially communitarian ones.

So the retreat to the small-scale, ideological community is little or no help in restoring a coherent vocabulary of social inter-relatedness in a world where a rhetoric of risk and reward has become so distorted as to be almost an inversion of real-

¹⁴ Amitai Etzioni, *The Spirit of Community*, Fonlana, 1993.

¹⁵ For example Stanley Hauerwas: *A Community of diameter*. Notre Dame, 1981; Stanley Hauerwas and Charles Pinchor, *Christians Among the Virtues*. Notre Dame, 1997.

¹⁶ See, for example: M Douglas Meeks, *God the Economist*. Fortress, 1989. Hauerwas also makes use of the concept of abundance as a contrast to the economic paradigm of scarcity.

ity. The bleakness of that judgement may, perhaps, be alleviated a little if we look instead to a revived conception of civil society as the place where a re-invigorated investigation into truth can take place.

I think it is significant that the contemporary theologian who handles the concept of civil society most creatively is Andrew Shanks whose thinking has been influenced by much time spent in the Czech Republic both before and after the momentous changes of the late 1980s.¹⁷ Shanks puts his hope in the idea and practice of civil society. It is, he says, “what provides a space for politics independent both of the state and of political parties; the politics, that is, of groups which do not aspire to any direct share in state power, but which are as a result set free to raise the sort of awkward and unpopular questions it is in the interests of political parties, seeking votes, to avoid”¹⁸. Shanks recognises, that the associations that constitute this kind of civil society can exhibit all kinds of prejudices and intolerances but, rather than calling as some communitarian apologists have done,¹⁹ for “the right kind” of associations to be fostered. Shanks stresses that despite these failings, the very nature of civil society provides “the environment in which these (problems) may most rationally be combated”²⁰.

He identifies three aspects of a way forward:

- 1) “solidarity of the shaken: solidarity on the basis of a shared commitment to anti-ideological thoughtfulness and the values of isonomy (direct spontaneous participation in public affairs).
- 2) The virtues of sanctity: living a life which perfectly embodies the values of one’s own culture.
- 3) The virtues of transgression: crossing over the boundaries between one’s own culture and other cultures, in order to interpret each to the other, as effectively as possible”.²¹

In these three principles, Shanks captures the essentially tradition-constituted nature of ethics, stressing what MacIntyre calls “being well-versed” in one’s own tradition. Yet remaining within the boundaries is insufficient in a global society, so transgressively crossing the frontiers is a principle with equal weight. But this is not the ‘open house’ of traditionless liberalism – the kind that gives us the unfiltered market – it is important to be discerning in the choice of dialogue partners, hence “the solidarity of the shaken”.

In this, we can begin to discern quite a comprehensive set of principles for a renewed idea of civil society – and indeed for the emergence of churches and other moral communities as ‘players’ in public life.

My *locus classicus* for this idea is perhaps a slightly trivial one. But I take great heart from the strange alliance forged between the wealthy burghers of Wilmslow and Mobberley in Cheshire and the diggers, tunnellers and tree-people protesting against Manchester’s Second Runway. Their economic status was wildly disparate, their appearance even more so, their political, cultural and religious worlds almost totally incommensurable. But I will never forget the cut-glass accents of

¹⁷ Andrew Shanks, *Civil Society - Civil Religion*, Blacked, 1995.

¹⁸ Shanks, p. 8.

¹⁹ For example, Diaries Leadbeater, *Civic Spirit*, Demos, 1997.

²⁰ Shanks p. 8.

²¹ Andrew Shanks, *Soul-working Within social Movements*, privately circulated paper, 1995, p. 22.

one lady speaking on the *Today* programme who said “They are people like us”. Two groups of shaken people had discovered a small, maybe temporary, certainly very limited, window of solidarity. Maybe they had also discerned whose tomorrow it might be if they pressed ahead together.

Risks and reward are both intrinsic features of human life and both, in some kind of balance, essential components in our well-being. The settlement between them has been grievously distorted in the present circumstances of late capitalism, and restoring meaning and truth, in the context especially of people's working lives, requires a new sort of ethical project in which conceptions of civil society must, I think, play a central part.

Nevertheless, the capacity for the determinative effect of economic trends, not only to erode concepts of meaning and truth but to destroy the social capacity for alternatives and resistance, remains extraordinarily strong. If we return to the analysis of risk in working life with which I started it is also becoming clear that those very factors are profoundly influencing people's ability to participate in the varied institutions of civil society itself. Research by my former colleagues Alison Peacock²², shows how pressure of work is increasingly cited as a reason for people's declining rates of church attendance. This is not just about Sunday working (though that is significant) but about the pressures that leave people exhausted, passive and unwilling to take on the additional risks of voluntary sector responsibilities. Indeed, this is not just a phenomenon in the churches but across the voluntary sector – the very sector on which government increasingly relies to deliver welfare provision. The contract culture's infiltration of voluntary groups has, of course, been another, simultaneous, factor in raising the perceived riskiness of even the way we use our leisure. If civil society is to contribute a way forward – and I believe it is the only sure guardian of public truth and meaning – we had better hurry up before the space for its existence is squeezed to nothing.

It is rather a new thing for me to end a paper on a note of such pessimism but that is the consequence of this exploration in risk and reward. The inverted relationship between those two concepts is symptomatic of a profound social dislocation which is driven by propaganda and renders people's perception of their experience confusing and unnerving. The only crumb of vicarious hope is that the market's undermining of the social moral fabric renders the market itself increasingly unsustainable. But that is cold comfort. Better, rather, to use the remaining interstices in our risky existence to explore together the meaning of the good and restore to our discourse the correlation between analysis and truth which market propaganda would destroy – to do what we can while there is time.

²² Alison Peacock, “Employment and the Future of the Church”. Paper presented at *Soundings: A Day Conference on Church Membership*, Stirling, 14 March 1998.