

# Pulling the threads together

QCEA conference Brussels 2013

# Current economic policy

- Since Reagan-Thatcher neo-liberal economics have dominated fiscal policy in US, UK and increasingly in the rest of the Europe
- Belief that GDP growth is essential for increased well being, reducing poverty, and full employment
- The free market – deregulation, privatisation of public services and goods – is the most efficient way to economic growth
- Based on an economic theory where
  - only traded items have value
  - Higher consumption is primary goal
  - consumption of natural capital ignored
  - future generations cannot be adequately accounted for

# Economics of the crisis

- Post war to mid 1970s – rising living standards
- Post 1980 Thatcher-Reagan – rapid growth of financial sector following deregulation
- Post 1980, decoupling of close link between global GDP and financial assets; by 2007, financial sector 5x global GDP, sucking resources out of the real economy
- Emergence of complex financial instruments and hedge funds

# Impacts of growth of financial sector

- All income growth going to richest: starkest in US
- Lack of growth in real incomes led people in US to re-mortgage to obtain funds for consumption – unsustainable
- Crisis transmitted to Europe because European had banks lent to US
- Bank rescue by governments because of fear of bank failures triggering massive recession

# Impacts of the crisis

- Decline in public sector spending and loss of public services: holes in the road, reduced social welfare
- Massive youth unemployment – 20% in UK, >20% in CEE countries, 55% in Spain
- Real wages down since 2009 (-3% in UK)

# Myths about the crisis

- Myth: Government deficits are due to excessive welfare spending
- Reality: deficit is due to bank bailouts
- Myth: Austerity (i.e. public spending cuts) is the only way to bring down the deficit
- Reality: There are other options for fiscal policy, including central bank increasing money supply for job creation and investment

# There are alternatives

- Downsize the financial sector
- Separate retail and investment banks
- Control borrowing of investment banks – increase reserve/debt ratio
- Fiscal policy to focus on employment – decent work, contracted hours
- Increase welfare spending
- Progressive taxation
- Public investment in renewable energy infrastructure to transform economy
- Tax corporate profits where they arise
- End tax havens
- Tax on financial transactions
- Measure well-being, not GDP

# Openings for action

- EC proposals for controls on financial sector, including FTT, but UK opposes
- Trade talks EU-US, EU-Canada, service sector – small opportunities for influencing countries that may not welcome provisions for investor-state dispute settlement (e.g. Ireland)
- Promote disinvestment from fossil fuels – to force companies to diversify
- Build alliances – ‘small circles’ to find common ground for action

# What do we feel called to do?

- Mervyn King, former Governor of Bank of England: **“Of all the many ways of organising banking, the worst is the one we have today.”**
- *What might we do to change the system?*
- ‘Hope is an imperative’ ( title of a book of essays by David Orr)
- *Quakers have a history of working for change in apparently hopeless situations*
- Engage with QCEA through the British Committee of QCEA (see Angela Sansom or Simon Bond, email to follow)

# QCEA conference, Brussels November 17 2013: 'Pulling the threads together' Worship sharing session

*The following is a transcript, as near as possible, from the session.*

Youth unemployment is leading to a lost generation. 2014 is WWI centenary, a war in which a generation was lost, for which all Europe suffered. Can we make use of the universal understanding that destruction was futile 100 years ago, and that in 2014 it should be resisted?

I have a picture of myself watching waves approaching the seashore – waves of youth unemployment, poverty and other crises. I've been trying to look at the tides sweeping towards us. The multi nationals are one of the greatest threats we face. I have been horrified to learn of the trade agreements – that these irresponsible vast enterprises being able to sue our governments for damages. Secondly, the climate of economics: we swim through the current economics, like a fish in water, not noticing the medium. We need to change our, and others' perceptions that materiality is more important than other factors for a calm and happy life.

Two years ago, Nicholas Boyle, professor of economics at Cambridge, published a book – '2014 – how to avoid the next World crisis'. Around the fourteenth year of a century, some key event seems to happen. In the 19<sup>th</sup> century, it was the end of Napoleonic wars. Maybe in 2014 we are at a particularly critical point. This could be only a coincidence, but it is a salutary thought.

We share this landmass with other living things. When we create economic justice, do we think of the non-human life? Badgers – 300,000 is the stable population, but 50,000 are killed on the roads each year. Does economic justice involve a road building industry and a car manufacturing industry that leads to such a scale of death to badgers and other creatures? Badgers are being culled, to protect our eating habits. Cows are being exploited. We should consider the intrinsic value of other living creatures in our promotion of economic justice.

There was a moment in WWI, when on Christmas Eve German and British soldiers met in no man's land and sang Christmas carols. This is a moment worth celebrating. In a conversation with a retired military man, nations can no longer afford to build a war, and this may be part of the legacy of this economic crisis. A century ago, consumption was rightly recognised as a fatal disease. Now it seems to be a goal of economic policy – but I think it is still a fatal disease.

When I came to the conference, I was in a positive bubble. Some of what we have heard has been shocking. Judith spoke of a European Youth Guarantee. For myself, I do need to see a human face to policy. This policy seems to offer this. It should deserve the strongest Quaker support possible.

I was a member of the Sheffield Occupy camp for 90 days. We were modelling a society of equality, justice and love. Some of the energy has dissipated. I have joined the People's Assembly Against Austerity – includes faith groups, trade unions, and others. We have campaigned on the bedroom tax. I would encourage people to look at this organisation.

<http://thepeoplesassembly.org.uk/draft-statement/>

A question has occurred to me regarding the power of multinationals to sue governments when their trading interests are threatened. Do politicians know this? Or are they content to act as senior managers for companies? A consoling thought is that we could go to a Saturday surgery of our MPs, and explain this provision, and have a conversation about it.

It is important to engage with those who have power and money at the moment. We need to try to see how we can understand them, before we can engage them. We need to identify our shared values. Many wealthy people want the same things for society, but are stuck in the system.

George Fox words ' walk cheerfully over the world ...seeing that of God in everyone'. I have been most inactive when I have felt despair, and most active when I have felt hope. Even when I feel bleak, I want to tap into cheerfulness. I want to remember there is that of God in the people I don't agree with.

Fair penny campaign launched by Wanstead Quakers. Pledge to say I pay an extra penny in income tax to protect the most vulnerable from ...To pledge support for most vulnerable, but also to show solidarity for greater equality. <http://thefairpenny.org.uk>

Big business was once small business, and even now is still run by people. We became Friends by conviction – we changed. They may be able to change. They are a threat to democracy if they follow through on legislation that suits them. Not all big business and all multinationals are a threat to democracy. We need to make them realise that their actions may be a threat to democracy and to speak to that of God in them.

I am challenged by Judith's suggestion that we talk to the people we see as our 'enemies'. I recall Adam Curle, who could stretch out his hand and greet mass murderers. He always said it is the humanity and the God in them that he reaches out to. I am challenged to go to the business people to talk to them. I am challenged to do this.

Rufus Jones spoke of Quakers being loyal to the kingdom of God, contrasting this with national loyalty in WWI. The train from London to Brussels is quicker than the train from London to Manchester. In the 1980s, going abroad was a big challenge. I have been struck and worried about how UK dominated this discussion has been. It is hard to get away from thinking in national terms. There are valid concerns about democracy in Europe that are being co-opted by far right interests to promote anti Europe positions. The people who don't need to worry about national borders are the heads of multinational corporations, who can move capital and jobs around. We need to think about how we challenge power that is international, and to think beyond national borders.

Pam Lunn in her Swarthmore lecture (2011) challenged us to think beyond the short term. This is our life, constrained by economic ideas. It is ours to celebrate. We have the chance to alter the direction of humanity for the generations to come. Of the nine boundaries that shouldn't be crossed. [From the Millennium Ecosystem Assessment] three have already been crossed. Biodiversity is the most threatened by our demand for resources. The ministry of Quaker simplicity has never been more needed. I am challenged by living in too large house; our own thirst for cars, gadgets. We cannot express our love at Christmas without giving things. We need to look again at wartime rationing of goods.

One of the things that we do, when we think of multinational corporations, we think of huge beings. But they are like Lego bricks – made of hundreds of parts, often on national lines. What affects one may affect others. We need to start thinking that small goes to large, and large to small.

I have a deep concern for unemployment. The unemployed are affected by serious illnesses, depression, suicide, heart disease, obesity. A community affected by unemployment is victimised. Unemployment must be seen as an oppression. But there is massive work to be done – energy conservation, waste prevention, flood management, and house building, caring for sick and elderly. This is a market failure and an example of economic injustice. The two problems could be linked as a solution.

### **Some key points from the worship sharing**

Written Quaker material for the commemoration of WWI could highlight the Christmas Eve truce in no man's land. It could also highlight the risk of 2014 beginning another lost generation – not through death in war, but through unemployment induced despair. A positive aspect of the economic crisis may be that European nations will decide war is no longer affordable.

The EU initiative for a Youth Employment Guarantee needs wider sharing, and Quaker support

There is much going on in Europe that we need to spread the word about, and find a way to act locally to influence it

### **Some action points emerging:**

Pressure for public spending on green infrastructure, insulation etc, to reduce fuel poverty and unemployment.

Contact our MPs, and ask if they understand what is being negotiated in the trade agreements regarding loss of government sovereignty and decision making, through corporations having the power to sue governments for loss of revenue due to policies or regulations.

Contact business people and seek to hear their point of view on issues such as investor-state dispute settlement – reach out to the human in those we see as the opposition.

### **Websites to look at and join in e-actions:**

<http://thepeoplesassembly.org.uk/draft-statement/>

<http://thefairpenny.org.uk>

### **Books to look at:**

David Orr, 'Hope is an imperative'

Nicholas Boyle, '2014: how to avoid the next world crisis'