

Pay, Poverty, Inequality

How can Christian teaching inform our responses?

by Chris Stephens



Starting with the personal dilemma of whether to support widely varying pay packages on three different award committees, the Chairman of Traidcraft sets out to make a positive Christian contribution to addressing the growing inequalities in our world. He concludes with some theological reflections and practical suggestions for change.

Just after I received the invitation to deliver this lecture, I had one of those weeks which spurred my own reflection and research. Three events occurred in the same week:

First, as a member of the Senior Salaries Review Board, we published our report for 2010 determining the pay of the Senior Civil service, the Judiciary and the most senior officers in the three services. Among them were the Cabinet Secretary, the Chief of the Defence Staff and the Lord Chief Justice. All three were to be paid close to £240,000. Because of the underlying state of government finances, we felt unable to justify an increase for any of them.

Secondly, as Chairman of the Remuneration Committee of a medium-sized professional services company (just outside the FTSE 250), I agreed to the salary of a new Board member. Purely by coincidence, this was also £240k; almost identical to the three most senior public servants just mentioned. There was a slight difference though. The total potential package for this individual including bonus and long term incentive was three times as much, nearly three quarters of a million pounds. This was not just for the first year but also each subsequent year as well, subject of course to performance. The individual concerned, aged under 40, is responsible for a revenue far less than the

smallest government department, and staff numbers far less than even the smallest regiment in the army. The package, I may say, is far from excessive in the sector and entirely consistent with competitive practice in the field in which he is working.

Thirdly, at Traidcraft, the Christian organisation in which I am also involved and which is both a small quoted company and a charity fighting poverty in the developing world, we were having a tough time balancing our books. I agreed for the second year in a row to a wage freeze for all 160 members of staff in the UK combined with a redundancy programme for roughly 10% of them. The average pay of the top 20% in the organisation is £35,000 and the average pay of the bottom 20% is £16,600. The CEO earns no more than 6x the lowest paid employee.

I believe that I acted responsibly in each of these three decisions and feel comfortable with each decision individually. Comfortable, that is, so long as we keep the different parts of our society in separate boxes, avoiding as far as possible any form of read-across from one sector to the other.

But when I stop to reflect, as I was forced to do whilst preparing this lecture, I feel increasingly discomfited by this. Operating in separate sealed containers

*This is the CBE
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lecture, given by
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Chairman of
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▶▶ seems at odds with Christian teaching: teaching about a single created universe, about men and women being equally precious in God's sight, wherever they live and whatever the nature of their work. I shall return to this later.

So I felt encouraged to do this lecture by these three differing events. Since then - it was February of this year - there has been an avalanche of publicity on all three topics: discussion on high pay is everywhere: the press is full of it on a daily basis, the Coalition has initiated a review of "Fair pay" in the Public sector; there is talk of multiples of no more than 20 times the top from the bottom; stories of corporate excess are widespread. It won't have escaped your notice that the Prime Minister's own salary has been set as a benchmark - even some kind of ceiling - for public sector pay.

Poverty and inequality have also taken up acres of newsprint, not least with the recent Inter-governmental review in October, of progress against the Millennium Development Goals. Inequality, too, has caught the headlines.

To put a rather personal spin on this, I could not help noticing that even my great grandfather, the Social Reformer, Charles Booth, who died in 1916, was mentioned not once but twice on BBC's *Newsnight* in October. His fascinating colour-coded maps, charting the location of the poor of London, especially those who he referred to as the "indigent poor", were considered relevant in looking at issues of increasing urban poverty today. In fact, there has been so much publicity that I wondered whether agreeing to speak on these themes back in February had been at all wise or whether it was possible to say anything worthwhile on these subjects. But for me, there is often a missing element in the debate: it is in the second half of my title: how can Christian teaching inform our responses?

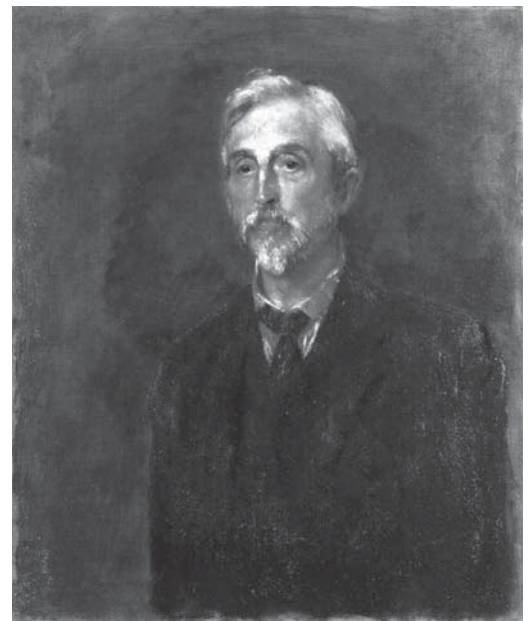
So what I would like to cover is this: First; Pay - high and low; then issues of Poverty and Inequality. Then I shall try to outline

some theological principles that are raised by these issues. I shall make the case that these topics should be on the agenda of every Christian business person. So I hope to engage all of you. Finally and cautiously, I will try to link the two together: if these are the challenges, and we can agree on the theological principles, then what should be our response, especially in respect of pay?

Starting then with the issues that I would like to address:

Pay

First, **pay**. There are some startling examples of high pay in our society, hugely more extreme than the case in which I was involved and which I quoted earlier. Annoyingly, press reporting of salaries is often inaccurate or at best casual. Writers confuse base pay with bonuses, they struggle to value pensions properly and count share based plans as granted, regardless of performance conditions. In addition they frequently muddle prior year earnings with current year and so on. Despite this there are still some very large numbers around. You will remember some ▶▶



Charles Booth
by George Frederic Watts
oil on canvas, circa 1901
National Portrait Gallery

▶▶ of the names: Fred Goodwin's pension at RBS, Mark Bolan's joining pay at Marks and Spencer, and last week, Bart Becht at Reckitt Benckiser. Many others also make the headlines.

What is not so newsworthy is the average total pay of the CEOs of Britain's largest 30 companies (salary, benefits, pension, bonus, long-term incentive) for 2009/2010. This was £4.5m p.a., that is per person per year, £3.1m p.a. for the top 100 as a whole, and a relatively modest £1.25m for the CEOs of the next largest 250 companies. This last figure, it is worth noting. It is nearly 10 times that new index of salary rectitude, the Prime Minister's salary! Not slightly more, but 10 times the Prime Minister's salary for running a relatively modest-sized company. Twenty years ago, the average annual earnings of the Top 100 CEOs was 10 times the average of the lowest paid in their companies. Now it can be conservatively estimated as more than 100 times.

And then there are the banks. In part the discussion is easy: we can all agree on the fundamentals: to condemn rewards for failure, to rail against high pay when public bail-out is needed, and to find serious fault with short term bonus schemes which encourage excessive risk taking. But setting reasonable levels of remuneration that enable one of our most successful, wealth-creating and truly global sectors to attract and retain the most able staff is far from straightforward. It is interesting to speculate on what has happened to banking salaries. Their organisations were originally set up to provide a desirable and essential public service as we learned in last year's Hugh Kay lecture from John Varley at Barclays. It was easier surely to set salaries, when banking was largely a local and domestic matter. Rewards were far more moderate. It was the spread of globalisation and global technology, together with the apparent scarcity of specialist talent, that has led to salaries increasing exponentially. ...and this despite the fact that only a fraction of the employees in any of the banks has either the competence or the aspiration to work anywhere other than in their home country.

The latest numbers that have hit the headlines following the arrival and departures of Chief Executives and Chairmen (Barclays, LloydsTSB, HSBC) are incomprehensible to the ordinary citizen. As is the level (£300,000) of alleged average annual bonuses at Goldman Sachs. ...and in two short sentences I have now managed to upset three of the four most recent Hugh Kay lecturers. But of course these levels of pay demand a public debate.

We may be indignant but it is worth recognising that there is something odd about our attitudes to huge rewards. We seem not to mind so much about vast sums accruing to



The author JK Rowling with her book Harry Potter and the Deathly Hallows

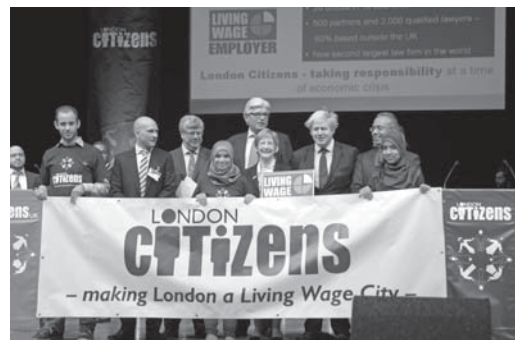
certain members of society: JK Rowling, Andrew Lloyd Webber, David Beckham and then rather differently James Dyson and Bill Gates. Artists, entertainers, inventors, entrepreneurs: all OK to earn huge sums. There may be some question about how they spend their great fortunes, and indeed questions about how much good the money actually does them, but few would question the right of such obviously talented people with marketable skills to earn them. They have an exceptional and saleable product or talent and they are entitled to access the market to be paid for it. I wonder what you think?

There is nothing in the Christian gospel which condemns wealth for itself; only that wealth ▶▶

▶▶ makes it harder to pursue certain other imperatives. Wealth comes with both extraordinary obligations (to whom much is given, much is required) and the imperative to avoid seeing it as the object of worship.

There is some justification as to why public service may command lower rewards than the commercial world. You receive a “discount” for work which is both intrinsically interesting and worthwhile. As added compensation you also enjoy relatively high levels of job security and a dependable pension. Taken together you can see why base salaries might be lower. But how much lower? Many jobs in the commercial sector are both interesting and worthwhile. Why is there no discount in this case? Many of them were themselves part of the public service until very recently. Security and pensions may be lower but does that really justify the sort of differentials that we are seeing?

It is clear that the criteria for determining pay are entirely different for each key group. At the bottom - charities and clergy for example - it is either the organisation’s ability to pay that determines the pay packet; or for many employers it is the lowest possible figure that they can get away with and still attract the staff they need. All are constrained of course by the statutory minimum wage, a negotiated figure agreed annually between Government, the Trade Unions and Employer representatives. But many give little attention to the “Living Wage”, an amount set by reference to the employee’s actual needs in providing the essentials of life.



The group London Citizens campaigning to ensure that all cleaners are paid a 'London Living Wage' of at least £7.60 per hour

In public service, there is some influence of the market at the bottom end but significantly more weight is attributed to paying the lowest possible figure to attract a talented field of candidates.

In the commercial world, the market is the overwhelming determinant of pay. The scarcer the skill, the higher the pay of the victor in the so called “war for talent”. As talent will always seem to be scarce when it is urgently needed, the trend for key executives can only be endlessly upwards.

As pay packages have become so transparent under the Combined Code, so Remuneration Committees have been nudged into “keeping up” with others from whom they might recruit and to whom they might lose staff. The “theoretical” market place has become the primary determinant of pay. Non-financial factors, so critical in attracting and retaining talented people, have taken a subordinate role.

So there are some challenges in pay, and these pose serious ethical dilemmas. Central to these are the twin questions: How much weight a good employer should place on market competitive factors? How much should a marketable employee be driven by pay when making choices of career or of employer?

The market leads inevitably to ever-increasing pay at the top and to ever-increasing downward pressure on pay at the bottom.....with no regard to individual needs, this leads to poverty which I now want to move onto.

Poverty

And poverty, inconveniently, refuses to go away. This is certainly the case in the UK. Although the evidence is confusing on some measures of poverty, the clearest point (on which there is little disagreement) is that the poor have got poorer in the last decade, while the rich have got richer. I would love to explore this further but am going to resist the temptation in favour of speaking of the poorest on the planet, the poorest billion, those touched by the other part of my own working life. ▶▶

▶▶ I shall then focus on Inequality, the increasing divergence between rich and poor.

Of course there is some really good news on global poverty. If you track the Millennium Development Goals you will know that real changes for the better have been made since they were launched at the G8 with specific targets to achieve by 2015. There have been almost miraculous advances in many parts of the world. The so called BRIC countries (Brazil, Russia, India and China) are transforming themselves at a pace that few would have predicted. Since 1990, between 400 and 500 million have been lifted from extreme poverty. But that still leaves 1.4 billion out of 6 billion living on less than \$1.25, the minimum cash value that can sustain even the most basic life.

I detect two aspects of global poverty though they may not be wholly at odds with each other.

The first is the rather surprising fact that three quarters of the world's poor now live in middle income countries: Turkey, Nigeria, India, Pakistan, Kenya are examples where there is relatively high GNP per head but a significant proportion of the population in each country continues in abject poverty. It is not aid that is needed but better government, greater focus on local trade development and an underpinning of decent conditions of employment.

Paul Collier, on the other hand, concentrates on the Bottom Billion, the extreme poor, as in Chad for example where they suffer from all four "traps of vulnerability": domestic conflict, poor natural resources, being land locked with difficult neighbours, and finally having poor governance in a small country... They are not simply poor and contented. They lead short lives, are constantly hungry, are denied medicine, education, clean water, shelter and are able to make few choices as to where they live and what sort of lives they live. The big difference between being poor in Chad and poor in China is **hope**. A poor family in China has a credible prospect that their children will grow up in a transformed

society. The parents will stay poor all their lives but their children are likely to grow up in an economy that is rich enough to make them fully participating members of a modern global economy. Part of the solution which Collier envisages is to enable these countries to be producers of raw materials and partly processed products for export both regionally and internationally. If they can become producers as well as consumers, as has happened so clearly in China, then even the poorest countries can work their way out of poverty over a generation.

And addressing both these issues (the poorest people in middle income countries and the "abject poor") is exactly what Traidcraft, the organisation with which I am closely involved, is trying to do.

From a tiny start 30 years ago, Traidcraft pioneered the Fair Trade movement that is committed to ensuring that the primary producers are fairly rewarded for the work they do at the bottom of supply chain. Sales of Fair Trade products are now worth a billion pounds per annum in the UK alone. The FT label was described in a recent DFID publication as the most recognised ethical label in the UK. Millions of farmers are selling an ever widening range of products including tea, coffee, chocolate, bananas, cotton, rubber and wine. It is no longer a fringe activity. Global companies including Tate and Lyle, Nestlé and Cadbury all market fairly traded products; and all the leading



Cadbury's Fair Trade chocolate bar
NOW FAIR TRADE
SAME GREAT TASTE

- ▶▶ retailers have had to stock their products. Starbucks is an exciting recent convert to paying the fair trade premium on all their coffee products in the UK. Their continuing boldness is, of course, dependent on consumers actually purchasing the products and being prepared to pay the premium.

I have seen and touched the effect that these premium prices have on the very poorest farmers on recent visits to India, Bangladesh, Swaziland and Kenya. I am wholly convinced



Fair Trade clothing being produced in India from Fair Trade cotton and sewing facilities

of the benefits that they have had and am delighted that very recent research has again supported the beneficial effects of the fair trade label as compared with other ethical labels. I was especially delighted in March to see a tea project in Kenya where the producers, all fair trade certified, all working tiny pieces of land, were beginning to diversify into passion fruit for juicing and honey for the East African honey market. There was the opportunity for their incomes to treble. This would have been unavailable had they not received the fair trade premium. The evidence points strongly to the importance of trade - among other measures - combined with fair labour standards, in addressing the continuing tragedy of global poverty.

My work in determining senior salaries in the public and private sectors while also being exposed to some of the very poorest people in the world via Traidcraft brings into

acute focus the crucial issue of Inequality. Wherever you look, the problem seems to be getting worse.

Inequality

The big talking point on this subject which I cannot commend too strongly is *The Spirit Level*, a summary of many years research into Inequality by Richard Wilkinson and Kate Pickett.

Is it a recommendation to mention that both David Cameron and Ed Miliband have referred to their work in the last month? I believe it is. Or maybe, as the authors say rather self-deprecatingly, the wide publicity is because their research simply tells a truth that people know anyway, and are thus merely confirming a widespread intuition. The hypothesis of the Spirit Level is that those societies where there is greater inequality, also suffer greater social dislocation. What they have seen is that where inequality is greater, then society is more fractured. They compare the nations which are most equal in terms of *per capita* income (Japan, Finland, Norway, Sweden) with the least equal (UK, Portugal, USA, Singapore). They also run the same models for the domestic US states. In each case, inequality compares the richest 20 per cent of residents of each state with the poorest 20 per cent. Where the difference is greatest, so the social problems are greatest. Social issues considered include drug and alcohol addiction, life expectancy and infant mortality, obesity, children's education performance, teenage births, murders and imprisonment rates.

Those who study inequality then link these examples of social distress to income inequality, the gap between high pay and low pay. They speak of a number of factors which certainly impact the pressure on higher and higher pay. These include the "influenza virus", "status anxiety" and "luxury fever". As inequality grows and the super rich spend more and more on luxury goods, the desire for such things cascades down the income scale and the rest struggle to compete and keep up. Advertisers understand this and so



▶▶ fuel our “addiction to income”. All these factors put pressure on those who determine pay.

Conclusion

My conclusion from the evidence on Pay, Poverty and Inequality is simple but maybe not very popular. Those at the top, especially top executives, are paid too much and those at the bottom are paid too little. Inequality across the globe and inequality within the UK both have harmful but very different effects. Among the global poor the effect is blighted lives and premature death. In the UK, and of course other sophisticated economies, the effect is more nuanced, but none the less real. The greater the inequality, the greater the levels of mental and social distress. I don't think that Christians can just go on dozing while this happens. In previous centuries, the church has led great campaigns and programmes: better and more available healthcare, universal education, the anti-slavery campaign and many others. I believe that this concern with gross inequality is just as legitimate an area for Christian concern in the 21st century as these were in previous years.

Theological Principles

But to convince you of this, you will want to be convinced of the theological imperatives that are raised by these issues and I will focus on three:

1. That we live in a single closely connected world and we are all precious in God's sight
2. That there has to be an explicit moral underpinning of all our work activity
3. That we should judge all our choices on the impact they may have on the poor.

First, the imperative to recognise the **connectedness** of our society both of the physical creation and part that we as human beings play.

For us as Christians the world is neither random nor meaningless. We share this belief with other faith traditions. For those with the eye of faith, the whole created order bears the hallmarks of divinity. From the vastness

of the stars and galaxies to the minute realities of subatomic physics, creation for us evokes mystery, wonder and adoration. For many of us this belief is not diminished by scientific advance, but enhanced by it.

Over the last one hundred and fifty years particularly, as science has probed ever deeper into the vastly complex miracle of life, it has become more and more clear that everything is inter-connected. Scientific progress in very recent years has made this even clearer, especially to the non-scientist. With greater understanding of the reality of a changing climate, we have learnt just how fragile life on earth really is, and how easily and disastrously it can be, and is being, disturbed. The oil spillage in the Gulf of Mexico, or threats to the bee population in Western Europe, both help us to appreciate the finite nature of natural resources as well as the



European honey bee with a Varroa mite on its back. The mites cause death and disease in bee colonies. Varroa have led to the virtual elimination of feral bee colonies in many areas and are a serious problem for kept bees in apiaries.

Many major crops depend on bees for pollination and so have been devastated.

fragility and the interconnectedness of the planet earth. I suspect that these issues are far clearer to us now than they were for our parents and grandparents.

This growing realisation has important implications for our lifestyles, for the just sharing of resources, as well as to the implementation of technological responses at a global level. It also poses a huge challenge to Christian thinking on social justice and the degree to which governments cooperate with



▶▶ one another in the face of a threat which is faced by all, and most acutely by the poorest. Christian Aid has put climate change at the top of its campaigning agenda and Traidcraft too sees it as a major strand in its future strategy.

More fundamentally, this understanding of inter-connectedness – that ‘we are all in this together’, suggests that gross inequalities of wealth, whether between individuals within nations, or between nations, is unacceptable, even offensive. Within this awareness of fragile inter-connectedness, the Christian tradition underlines the belief that human beings have a distinctive role and place and responsibility. From its earliest chapters, the Bible insists that human beings bear the image of God, and are called to realise their purpose under God. This is to care for this fragile created order, to care for one another, and find their fulfilment in this caring through worship of, and union with, the Source of their life.

The teaching of Jesus Christ emphasises mutual love *inclusive of all*. We have been given a new commandment that we should love one another. It is a love that implies recognition, valuing, and attention to well-being, to human flourishing and the sharing of resources. There is no sense whatever that one group of human beings, the rich for example, or the very clever, is in some way more valuable than others. All are created in God’s image, all individually and infinitely precious. The implications for every single citizen, and especially those in leadership positions, are profound. We live in an interconnected world, populated by equally precious human beings. That seems like a long way from the unequal world of high pay and extremes of poverty and inequality.

The second theological imperative concerns the moral basis for decisions at work

It is a fundamental part of Christian teaching that we will be accountable for the lives that we have led. The tests will be tough and the memory will be long: You remember how Jesus illustrated this to his disciples: “For I was hungry and you gave me food, I was thirsty and you gave me drink, I was a

stranger and you welcomed me, I was naked and you clothed me, I was sick and you visited me, I was in prison and you came to me....When asked the disciples? And then a telling response: “as you did it to the least of my brethren, you did it to me”. The implication is that we are making real choices as we lead our ordinary daily lives; and each of these has a moral basis, for which we will be accountable.



“We will be accountable”

Giotto di Bondone **The Last Judgement** (1304-1305)
Fresco, Cappella degli Scrovegni, Padua, Italy

While this sounds like a common-place, it is interesting that we still allow ourselves, and those around us, to underestimate the extent that ordinary decisions have a moral basis, that their consequences will impact on our neighbours and will be decisions for which we will be accountable.

I have followed with huge interest the fortunes of Jerome Kerviel, the young trader at Société Générale, who carelessly lost his employer some EUR4.9m back in 2006 - and has now been told by the court that he has to pay it back! This is what the FT said about this incident at the time: ▶▶

▶▶ “like athletes, traders tend to go for gold, to follow their dreams, to trade to the extent of the permissible risk. In such situations, the goal of the companies is not to kill the wild ambition by introducing a voice into the traders heads saying ‘I don’t feel right about this’. It is more efficient to ‘sub-contract’ this kind of self examination by introducing risk



Risk management chart

A moral compass that just goes round and round?

management processes. Enforcement becomes a substitute for morality. Once that happens conscience becomes unnecessary. In fact it becomes an encumbrance. The problem for society is not the rise of the super empowered individual; it is that the super empowered individual tends more and more to be an amoral individual.”

If this assessment is right, then there is a disturbing trend that needs to be challenged. No employer should create a working environment in which the moral compass of the employee becomes an encumbrance. Moral issues should be nurtured so that all aspects of the working environment are regularly reviewed for their ‘moral value’. The products we trade should all be constantly scrutinised - whether it is products (cigarettes, processed foods, financial instruments) or the ways in which we make them (Foxcomm in China, the garment industry in Bangladesh). Anyone who has worked for a great multinational company will know that the greatest critics and most powerful agents for change are often the employees.

Our Christian responsibility is to hear their voices, to review the moral issues and to respond to them. So part of the emphasis on the dignity of human life will be to highlight

the moral awareness and responsibility that every person inescapably carries within them. This is to recognise the place of conscience, and, in the structures of business that we create, implies a challenge to avoid morality free zones.

It is pretty clear to me that many people in society, Christian and secular alike, are discomforted by the disparity of earnings which we are experiencing. Consciences are being pricked. Hence the subject of high and low pay has now moved legitimately into this area of ‘moral challenge’.

The third and final theological principle that I would like to mention is the

Concern for the poor:

Jesus endorsed the 10 commandments and focussed his disciples on love for God and love for our neighbour. He then went on to expand the definition of who is our neighbour to embrace all those in need. It was unthinkable to him to have one law for the rich, another for the poor, to see society in a series of disconnected bubbles where different standards of human dignity can be defended. Jesus was in no doubt that God’s world was for everyone and that those in positions of privilege had special responsibilities. To those to whom much is given, much is required. Jesus had an unambiguous and powerful bias to the poor. He came back repeatedly to the socially excluded, the disadvantaged, the vulnerable. The Pharisees were not virtuous by being right on matters of detailed law or practice, while ignoring the needs of the poorest in society, while ignoring justice and mercy. In the story of the Good Samaritan, the disciples were challenged to widen their understanding of who was their “neighbour”. All members of society were inextricably linked to each other.

A powerful example is the simple way that Jesus focussed on the right priorities:

“Woe to you, scribes and Pharisees, hypocrites. For you tithe mint, dill and cumin rendering what is due and have neglected the weightier matters of the law: justice and mercy and faith”.



▶▶ It seems to me that the dilemma with which I started this lecture, those three decisions that I had to make in a single week, were classic examples of focussing on mint, dill and cumin while missing the bigger issues of justice, mercy and faith.

An exceptionally helpful document on this whole subject of the connected world was produced by the Bishops of the Catholic Church in England and Wales in 1996 called *The Common Good*. In very modern language,



Interpretation of The Common Good by the Roman Catholic website The Catholic Whistle

and based on scripture and the tradition of the church, this sets out the Catholic church’s understanding of human dignity, of human freedom and of the meaning of society. I believe it has much wider application than the Catholic church.

The conclusion was this:

“The systematic denial of compassion by individuals or public authorities can never be a morally justified political option. Every public policy should be judged by the effect it has on human dignity and the common good”.

I believe that the authors of this report would have equally wanted to judge every business decision by the same criteria.

So an additional test for all of us in deciding pay, high or low, is to ask what the impact of each pay decision will have on wider society, on human dignity and on the poorest in society. It won’t lead us to the precisely correct arithmetic answer but it may influence the quantum and the nature of the payment.

Implications

This leads me then to the ‘so what’ question. What are the implications of this for Christians in the business world?

I do not think we can remain silent. It is clear to me that Jesus frequently spoke up in tough situations. He challenged the Pharisees, he spoke bravely to Pontius Pilate, he challenged the disciples and even his immediate earthly family. His Sermon on the Mount contained one surprise after another. He was the primary example of “speaking truth unto power”. Challenging received wisdom, challenging the authorities was at the very heart of Jesus’ ministry. This seems to me a model for all of us, whether in the Board room, the office, the shop-floor. In respect of **pay** and **poverty** and their impacts on **inequality**, there are a number of imperatives that follow from this:

1. If we are involved in deciding pay, we should focus on the wider range of issues that make a role attractive for a newcomer or which help to retain a member of staff. Absolute levels of pay will be part of this. We should not submit to the tyranny of the median, i.e. believing that the market is only one factor. Other values, particularly among the better paid, will also retain the most talented staff. The concept of working for an organisation of which you can feel proud, of ‘winning’ at work, of carrying out intrinsically interesting and worthwhile tasks, of working for leaders that you respect are all important factors in retaining talented employees. Debating and engaging in these wider values should lead to the moderation of pay packets. For me, this is both more powerful and more practical than any form of compulsion.

2. If we are involved in deciding what is published about pay, transparency at the top and at the bottom is important. We tend to be clearer at the top than at the bottom. We should know what are the earnings of the lowest paid person in the organisation, both those who are directly employed and so far as it is possible, those whose work is outsourced. In this respect, it may be helpful to publish



►► multiples, if only as a communications exercise. Better information frequently affects behaviour. They will certainly help to be mindful of the impact on the lowest paid of generous pay at the top.

3. It must be right for Christians to encourage philanthropy amongst each other...and this should certainly go beyond tithing. The great Quaker organisations of the 19th century were on to something really important. It is great to see how many very rich people are picking this up and how suddenly philanthropy is cool again among the super rich. Giving away half of a multi billion pound fortune may not pass the basic



Warren Buffet and Bill Gates, the world's second and third richest men and founders of their Giving Pledge initiative, in Beijing to encourage philanthropy among some of China's richest men and women

test of generosity (not what you give, but what you have left behind), nor does it in any sense “justify” high pay. But it must be better both for the individual and for the world than not doing it. Andrew Carnegie was a bit harsh when he said that a man who dies rich dies disgraced, but it is not a bad challenge.

4. Where we employ staff on modest wages, we need to be aware not just of the minimum wage, but also mindful of the Living Wage. This is important whether we employ people directly or as is so often the case, we outsource the lowest paid activities. It does not seem right that great institutions in London, including some of its most luxurious hotels, are still resisting paying a Living Wage.

5. Finally, as consumers, we need to be aware of impacts throughout the supply chain. We cannot rely on local producers or even

responsible retailers ensuring that there are decent labour standards for primary producers. Buying fair trade products and supporting better global trade practices can play a vital role in the continuing battle with global poverty.

Summary

Let me try to summarise what I have been saying:

1. There is a problem with high pay; it is out of hand and needs tempering. Voluntary moderation, not prescription seems to me the better answer.
2. Poverty has not gone away; in some parts of the world and some sections of our own society it continues to be intractable.
3. Inequality in our society is growing; it hurts us all, rich and poor alike.

The theological points that I have tried to make:

1. The world is a single interconnected entity and each of us, rich and poor, is equally precious in God's sight.
2. There should be no morality free zones in the work place; the encumbrance of conscience should be allowed to flourish.
3. Jesus set us an example: we should judge all our preferences in terms of what impact they are going to have on the poorest in society.

Finally, we should recognise that it is not rules and processes which will solve all these issues. In this context, and adjacent to Westminster Cathedral, it is fitting to give the final word to Cardinal Basil Hume:

“The Church's social teaching places the political within the larger context of humanity's relationship to God. Social and political action is important, but realising our human dignity as children of God made in his image and likeness also requires each one of us to undertake *an inner spiritual journey*. The future of humanity does not depend alone on political reform, or social revolution or scientific advance. Something else is needed. *It starts with a true conversion of mind and heart.*” ■

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