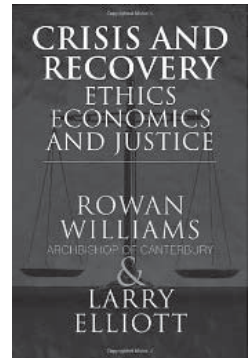


Crisis and Recovery: Ethics, Economics and Justice

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by Rowan Williams and Larry Elliott

reviewed by Eve Poole

When I signed my contract with Palgrave, my editor mentioned that the Archbishop of Canterbury was writing a book about capitalism and, as it was due out a couple of months before mine, I might like to liaise with His Grace about it. Both Palgrave and myself - and, I imagine, the general public - were very excited at the prospect of a weighty intervention from Lambeth on such a relevant and timely matter.

So, under cover of an RSCM evensong at Lambeth Palace, I duly nobbled His Grace, who at first looked confused. But, when prompted, light dawned: 'Oh, that thing I am doing with Larry.' Rather puzzled, I had Palgrave send me a copy of the book, hoping for something more than the usual tantalisingly brief sermon or interview on the financial crisis and what society should do about it. So I have to confess to a feeling of slight disappointment. This isn't a theological *tour de force* from one of the leading thinkers of our day. Nor is it really 'by' Rowan and Larry: rather, it is the fruits of what must have been an impressively high-powered pow-wow held at Lambeth in March 2009 to discuss 'ethical aspects' of the financial crisis.

Way back in early 2009, I imagine an enterprising staffer at Lambeth was put on the case of convening an appropriate set of luminaries, and they probably did what you or I would do, which is to look at what people have already written, by way of auditioning them. As the hardened symposium-frequenter will know, the said luminaries then feel obliged to trot out their party pieces, which are then replicated – possibly in a slightly disguised format – in the resulting papers. So, if you are already familiar with this line-up of experts, most of the book will not be news to you, as several of the weightier contributions are excerpts from books or articles that have been in circulation for some time. That said, it dates well, and is an excellent primer for the unfamiliar, particularly if you want a succinct introduction to Keynes (Skidelsky) or Red Toryism (Blond). The fact that the financial crisis has still not gone away makes this book continue in relevance.

To give you a flavour of the book, here is Larry Elliott's description of the contents:

'This volume is an ecumenical affair, spanning left and right, market insiders, environmentalists, regulators, trade unionists, politicians and academics. Here we have Lord Robert Skidelsky warning of the perils of forgetting the lessons of John Maynard Keynes and the investment banker John Reynolds stressing the need for a culture



►► change in his industry to reflect ethical values. Zac Goldsmith argues that the future of the planet depends on a reworked market system, while Will Hutton makes the case for fairness. From the left, Jon Cruddas and Jonathan Rutherford call for a new political economy based on a long tradition of political economy, while from the right, Phillip Blond attacks market fundamentalism. Adam Lent says that the new economics of diversity requires a supportive state, while Andrew Whittaker tackles the case for tougher financial regulation. Rowan Williams recognizes the importance of economics, but stresses that economics is not everything, and that there will be no sustainable human society until its limitations are recognized.'

Being modest, he does not add that his own introductory chapter is worth the book price alone, where he offers a masterly account of globalisation as both context and cause of the financial crisis.

Collections tend to be patchy, and this is no exception. But I found the book thought-provoking, particularly Skidelsky's treatment of Keynes on risk in Chapter 2, as this is one area where Christians could make a distinctive contribution. First, Skidelsky notes the orthodoxy that the crisis resulted from a massive mispricing of risk. For him this reveals an assumption that somewhere 'out there' risk can be accurately priced. Keynes would disagree, because he sees the market behaving less like a machine than a human. The jargon for this is *ergodicity*: a system is ergodic if, while complex, it nonetheless contains a repeating pattern, a bit like a highly-sophisticated robot that seems quite human but is in fact subject to a programme. While it is comforting to think of economics as having this kind of underlying logic (the 'invisible hand'), the market is really too chaotic to be so easily tamed. We might like to think we can domesticate risk, but in reality we can't, because we can only guess about the future. Keynes argues that risk can only be measured where probabilities are known. The rest is 'uncertainty' and just needs to be lived with (which is where the State comes in, as a kind of super pooper scooper). However, we seem to find living with uncertainty incredibly hard to do, demanding

certainty from all of our leaders as a necessary condition of our followership. Teaching at Ashridge, I find this to be the hardest lesson leaders have to learn, being comfortable enough with uncertainty to avoid being trapped into peddling proxy certainties as a condition of power. Treating prediction as fact is a classic case of category error. Indeed, we have a label for this, the 'self-fulfilling prophecy' because sometimes predictions become true precisely because they are held. And it may be that you can put a price on risk, as an index, as long as you are clear that in attaching a value to it the fact of riskiness does not disappear. Indeed, a high value does not always mean something is 'worth' a lot - quite the reverse in the case of a sub-prime loan, which becomes paradoxically valuable precisely because it is so risky to hold.

But why are we so hell-bent on certainty, and how could a Christian voice assist? I have written elsewhere about the discipline of faith and hopefulness. Perhaps we were all too hopeful that unlimited cheap credit would never end, but our need to make the future disappear by pricing it into the present feels more to me like despair. Rowan Williams talks about the need to resist Economics taking over as the all-consuming public narrative, but, at the risk of proving him right, we need to provide more competition in this market of ideas to prevent this from happening. I should love his next move to be the development of a theology of risk, in the context of the Christian message of hope. We get the market we deserve, unless we vote with our feet - and finances - to change it.

In finishing, here is a puzzle for you. In the chapter by John Reynolds, he offers these two contrasting definitions: 'it involves some level of risk-taking, but can be based on detailed research and is fundamentally supporting economic activity' versus 'risk is understood, but returns are by definition subject to random features which cannot be managed or controlled, and is expected to give rise to an undeserved return.' Can you guess which one is 'gambling' and which one is 'investment'? They seem rather similar to me... ■

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