A New Economic Paradigm?

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Introduction

The virus of global recession, with its virulent manifestation in Ireland, has raised the question of what antidotes are possible. What lessons can we learn from the past, in order to plot a more secure way into the future? In particular, the question arises as to whether we need to consider a new, more socially responsible, economic model, and not just a reform of the old one, which arguably, despite its undoubted partial successes, has shown itself to be unsustainable.[1]

The present crisis offers us an opportunity to move beyond solely technical solutions, and an attempted return to 'business as usual', and to instead reframe the debate more radically. It will be, of course, 'a real challenge to conceptualise and implement this more radical approach'.[2] As an 'awkward amateur',[3] I would like here, and in a further article in the next issue of *Working Notes*, to take up this challenge, and without claim to technical expertise or detail, to at least focus the issue sufficiently so as to point in a different direction and to outline some elements of a more radical approach.

How Do We Measure Economic Success?

Our gross national product ... counts air pollution and cigarette advertising, and ambulances to clear our highways of carnage. It counts special locks for our doors and the jails for those who break them. It counts the destruction of our redwoods and the loss of our natural wonder in chaotic sprawl.

... Yet the gross national product does not allow for the health of our children, the quality of their education, or the joy of their play. It does not include the beauty of our poetry or the strength of our marriages; the intelligence of our public debate or the integrity of our public officials. It measures neither our wit nor our courage; neither our wisdom nor our learning; neither our compassion nor our devotion to our country; it measures everything, in short, except that which makes life worthwhile. (Robert Kennedy, 18 March 1968)

It will help if, first, we try to clarify what it is we mean by economic success, and how we might measure it. At a superficial level, certainly, most of us are instinctively heartened these days if we hear news of clear signs of stability and the possibility of renewed growth in the economy.[4] We scan the news to see how house prices are doing and how Christmas sales went for retailers. But, given that our previous problems lay at least partly in a consumption-led and debt-fuelled economic model, are our instincts correct? Instead, 'is it time to ask if the traditional metrics of economic success – retail sales, house prices, even GDP growth – really point us in the right direction?'.[5] There are two important underlying issues here. The first is the growing realisation that economic growth does not in itself constitute overall human progress; the second is the increasing effort to develop broader measures of human development.

Limitations of Growth

The 'heady' years of seemingly unstoppable economic growth as measured by GDP and GNP, both nationally and almost worldwide, have perhaps re-awakened us to the old truth that 'money isn't everything'. The 'good life', we can now understand better, is only very superficially understood as the life full of material possessions.

Instead, drawing on the ancient wisdom of, for instance, Aristotle when he spoke of happiness (*eudaimonia*) and virtue; of Aquinas; of that long philosophical and religious tradition which finds concrete expression in Catholic Social Teaching in the notion of 'integral human development',[6] we can see, as Robert Kennedy expressed it so well in 1968, that human happiness and flourishing include, but go much deeper than, material possessions.

There is a growing recognition that when basic 'needs' are met, when a modest amount of 'wants' or desires can be satisfied, when there is an absence of glaring inequalities, then individuals and societies are likely to be happier than within any simple model of infinite economic growth. Our happiness involves not just prosperity but health, relationships, work, a cultural and social life which values beauty and gratuity, justice, equity and has a special concern for the poor; a political life which encourages active and responsible citizenship; and a relationship with the earth and our environment which is sustainable and offers us and all living things a secure future.

We have lived through a particular phase of human history in which economic growth, understood in a primarily individualistic way, has become the dominant, obsessive, and ultimately false, index of human happiness and flourishing. Many other cultures – one thinks of the sense of community in Africa, the notion of harmony in many parts of Asia, the values of hospitality and gift-giving among Native Americans in the USA – can teach us how to renew forgotten human values, even if they too, of course, in a time of globalisation have been influenced negatively by the dominant tendency. The dominance of economic growth is such that it has become 'a virtual axiom of orthodox economics that *more* is always *better*'.[7] In religious terms, we can speak of this aberrant tendency as a form of idolatry.

In fact, viewed historically, 'our recent fixation with the pursuit of individual gain as the route to happiness looks a curious anomaly',[8] and it is heartening that 'there are growing calls for growth and the endless consumption of ever more material goods to be downgraded as political goals'.[9]

It is no pipe-dream, then, to suppose that now there is the opportunity to restore economics to its important, but subordinate, role within human life. In that context, it is also possible to begin replacing the vision of economic success as involving models of 'infinite growth capitalism' or 'short-term share-holder value' with notions such as 'prosperity without growth' (Professor Tim Jackson of the UK Sustainable Development Commission[10]) or 'the richness of sufficiency' (Bangkok Letter of Asian Churches to Churches in the North, 1999).

New Measures of Growth

The second underlying issue is that many serious attempts are already being made to measure economic success in a way which would more adequately take account of the hidden costs which GDP measurements up to now typically omit. These are the 'externalities' referred to by economists – we can think of, for example, the real price of goods if the cost to the planet of carbon emissions were to be built in, and, at a different level, the cost to family life of excessively long commutes.

These attempts – one thinks, for example, of the United Nations Human Development approach; the Commission on the Measurement of Economic Performance and Social Progress, initiated by President Sarkozy and co-chaired by economists Joseph Stiglitz and Amartya Sen, with its focus on human well-being; and the *National Accounts of Well-being* and *The Happy Planet Index* of the New Economics Foundation in Britain[11] – are respectful of the relative, if important, place of economic well-being within overall human flourishing.[12]

Society, then, is faced with a profound dilemma: to resist growth is, according to conventional thinking, to risk economic and social collapse, whereas to pursue it is to endanger the ecosystems on which we depend for long-term survival.[13] However, given that a more integral notion of economic success seems to be putting down some roots in our public consciousness, what elements would be required for a corresponding new economic model?

Elements of a New Model

Leading central bankers believe a 'progressive normalisation of the world economy' has taken hold. (Jean-Claude Trichet, President of the European Central Bank, 11 January 2010)

There hasn't been what I would, as a Christian, call repentance. We haven't heard people saying: 'Well actually, no, we got it wrong and the whole fundamental principle on which we worked was unreal, was empty'. (Archbishop Rowan Williams, on the behaviour of the City of London.[14])

Banking and Finance

Given the debacle that occurred in banking and financial markets, ought we to be reassured when bankers tell us that a 'progressive normalisation' is taking place? After all, in this context what does 'normal' mean anymore?

We have gone through a period when banks were reckless in their lending and markets have been involved in mystifying, labyrinthine transactions whose complexity remained opaque even to insiders. All this involved high risk, in pursuit of short-term gain. While there were some good outcomes – one thinks in Ireland and elsewhere of gains in employment – we know, at least in hindsight, that the economic growth that followed was built on sand and is unsustainable into the future. What needs to be done?

We need to find a way to make banks and financial markets more socially responsible. A disconnect has arisen between the activities of many banks and financial traders and the ‘real’ economy.

Banks need to recognise that they have obligations not just to shareholders but also to all stakeholders – to private customers, businesses, employees, and society at large. For this to happen, several important requirements follow: there needs to be more effective regulation and oversight; probably a separation between utility and so-called ‘shadow’ or investment banks; perhaps a consideration of the desirability of having at least some major banking along nationalised or cooperative/credit union lines and not only plc lines; some kind of a cap on the salaries and bonuses of CEOs and senior management so as to model greater social equality as well as to encourage prudent, long-term behaviour rather than the reckless, short-term pursuit of profit; a reform of corporate governance which ensures that boards of directors function effectively, that board membership is no sinecure, that the practice of cross-directorships be examined, and that loans to directors or employees are regulated – and more ordinarily vetoed altogether – in strict observance of obvious clashes of interest.

With regard to financial markets, one notes the proliferation of innovative financial instruments and processes over the last twenty years or so, leading to the perception of a giant gambling casino, a spread-betting paradise, which almost constitutes a world unto itself, with scant positive relationship to the ‘real’ economy. Of course, profits were made, and GDP grew, but this often seemed more like the profits that might come from an activity like gambling, not the return from investment in sustainable businesses.

Hedge-funds, short-selling, securitisation and derivatives, collateralised debt obligations (CDOs, dating from 1987), contracts for difference (CFDs, dating from the early 1990s) – how much of this activity is healthy risk-taking which encourages the sustainable working of markets, and how much is the unhealthy speculation of a kind of independent, parallel universe of the modern alchemist that nonetheless has the perverse effect of distorting ‘both the world economy and the moral values of contemporary society’?[15] One recalls in this context the legendary investor Warren Buffett’s famous remark in 2003 that derivatives were ‘financial weapons of mass destruction’.[16]

We need, then, to ensure that financial markets are more transparent and fair, and that high-risk financial activity does not account for a disproportionate percentage of an economy that would aspire to be sustainable. We need to reduce the size and importance of the financial sector from where it is now and ensure that it functions in service of society and the economy.[17] In this context too it may be timely to ask whether the publication of quarterly reports – in itself an exercise in transparency – does not often involve the perverse risk of accentuating short-term, high-risk profits at the expense of more sustainable growth.[18]

Stockmarket activities disconnected from the real economy?
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It may seem that the genie is already out of the bottle and that it is well-nigh impossible to return to a more socially-responsible model of financial market activity. Certainly, it is clear that in our globalised world a thorough reform of financial markets would require global agreement and intervention, with the involvement of bodies like the EU, the G20, even the UN, but most of all the IMF which has been asked to propose reforms of the world banking and financial systems.

It is important, then, that this task be done well, resulting in greater transparency and fairness. It highlights the reality that the market and even the science of economics cannot be completely autonomous: we require the dimension of political economy, and at a global level. We require urgent reform of the global financial architecture.[19]

One concrete way of ensuring more responsible financial activity is by introducing a transaction tax (commonly referred to as a Tobin tax and more recently as a Robin Hood tax[20]) on international currency transactions, which might both discourage unnecessary currency speculation and provide considerable additional revenues to help meet socially desirable ends like the realisation of the Millennium Development Goals. This proposal has gained more political support over the past year.[21] Similarly, it would help greatly if there were concerted international action to eliminate those tax havens which are used to avoid the social responsibility that accrues to wealth.

We have seen in recent months, not least in the controversy over bonus payments to bankers, how difficult it will be to reform both banks and markets. One gets the sense from many top bankers and traders of life lived in a 'bubble', with a strong culture of entitlement.[22] This has perhaps been reinforced by the nature of government, and hence taxpayer, bail-outs, which may have reinforced a state of moral hazard and seeming invincibility: 'too big to fail'.[23] There is something deeply outrageous about this state of affairs, and it will require strong political leadership, supported by democratic pressure coming from conscientised citizens, to tackle this deep-seated resistance.

Economy

With regard to the economy itself, we must learn the lessons of the recent past. We must, therefore, resist the neo-liberal calls for a return to the notion of a market free from political influence, and instead pursue the notion of an appropriately free political economy.

It will be the task of politics, at both national and global levels, to ensure that banks, financial markets and all other sectors of the economy behave in a socially responsible way. This will mean, *inter alia*, a level of justice and equity, and in particular a care for people who are poor, so that, for example, world trade is structured in a way that does not disadvantage developing countries (the task of the WTO) and that within individual countries wealth and income are more evenly distributed – for example, by means of salary caps or redistributive tax policies – so as to avoid the glaring inequalities that blight people's lives and lead to social unrest.[24]

It surely cannot be right that in the US, for example, chief executives were paid 344 times the average worker's wage in 2007, against 42 times in 1980?![25] A more equal society is desirable, of course, from a social justice point of view, but also because, 'as Richard Wilkinson and Kate Pickett demonstrate in *The Spirit Level*, less equal societies have poorer outcomes in nearly every social domain'.[26]

None of this means that the market itself needs to be eliminated, that a fair profit is wrong, and that entrepreneurship and prudent risk-taking are taboo. Rather, it means that they are to be exercised within a context which keeps our human proclivity to recklessness and selfishness – in Christian terms, to sin – in check.

It also means that we need to be careful about simply allowing the market to take care of all the needs of society. We in Ireland need little reminding that in our recent boom period there were vast areas of social need that remained unmet. In this context, the remark of Pope John Paul II is apt: '… there are collective and qualitative needs that cannot be satisfied by market mechanisms'.[27] One thinks of such basic needs as shelter, health care, education, transport, welfare provision, the justice system and so on.

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This does not in any way obviate the need in Ireland, and perhaps elsewhere, to find ways of incentivising and reforming the public service. At all points, it is the dignity and flourishing of every human being that we must keep at the centre of our attention, as well as the common good of our society.

In similar vein, we need to accord priority to labour over capital – a consistent theme of Catholic Social Teaching – as we seek this more radical reform of capitalism. This will involve the kinds of protection for workers' rights with which the ILO has long been engaged, the attempt to ensure a 'race to the top' rather than 'to the bottom', to secure the mobility of labour as much as capital in our globalised world, and above all to accord priority to policies that favour job creation.

It will probably also involve the search for more institutional stakeholder, as opposed to shareholder, models of private ownership – perhaps along the lines of the co-operative movement referred to by Dermot McKenna in this issue of *Working Notes*. In this context, the late Jean-Yves Calvez judges that the breakthrough in changing the inequalities of capitalism can only come 'from a civic response, which spreads the ownership of capital and establishes new ways of controlling it, with greater concern for the interests of labour'.[28]

Environmental sustainability

Finally, in terms of major changes required in economic activity, we need to plot a way forward that is environmentally sustainable. Most of us are familiar, at least notionally, with the scientific consensus on this issue. According to the IPCC (Intergovernmental Panel on Climate Change), the course of carbon emissions and global warming that we are currently set on threatens a rise in global average temperatures of up to 6 °C by 2100, which would destroy human society. We need instead to set a track which will limit the increase in temperature to less than 2 °C above the pre-industrial era levels. This track will involve, *inter alia*, a severe reduction of carbon emissions in developed countries, with financial compensation and the transfer of 'clean' technology to developing countries to enable them to make the necessary contribution.

Responsibility for environmental sustainability in our hands
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Despite the failure of the Copenhagen Summit of December 2009 to achieve a binding legal agreement to this effect, and despite the damage to the credibility of the scientific evidence by the sometimes excessive advocacy stance of some scientific bodies, not to mention the suppression of counter-evidence by others,[29] it is clear that governments and business are taking the issue seriously in a way that will have a profound influence on the course of economic development. Indeed, the Irish Government, in its December 2009 Budget, introduced a so-called carbon tax. And so, just as Roosevelt back in the 1930s, in the course of his response to the Great Depression, introduced his 'New Deal', there is nowadays common reference to the 'New Green Deal' that is required to tackle climate change and that will shape economic activity hugely in the coming decades.[30]

Once again, we are reminded that conventional wisdom about 'the need to return to growth' – even, as in Ireland these days, the cry is for a more competitive, 'export-led' economy – has to be carefully considered in the light of what our planet can bear. It is estimated by the New Economics Foundation that 'for everyone to live at the current European average level of consumption, we would need more than double the biocapacity actually available – the equivalent of 2.1 planet Earths – to sustain us. If everyone consumed at the US rate, we would require nearly five'.[31] Clearly, these are not viable options – but do we have the political will to change course so radically?

Culture, Politics and Religion

Faced with the kind of enormous problems we have, it is always tempting to hope that new regulations or laws or social policies will be enough, and therefore the tendency is 'to focus just on the practical issues – financial regulation, taxation and welfare policy, or reducing our carbon intensity'. However, '… we need to remember that…in a democracy, none of these changes will come about without the will and desire of the people'.[32]

In the Western world, in particular, we have inhabited a cultural space, a combination of Modernity and Post-Modernity, which has allowed the neo-liberal economic model to flourish.
This space has privileged the self-interest of the individual (in particular his or her economic status) over the good of society as a whole, and has relativised the notion of right and wrong.

We need to use our crisis to create a new cultural space in which what is good of Modernity and Post-Modernity is retained, but is integrated into the kind of vision, values and virtues outlined above. This will mean a focus on the notion of integral human development and the common good, with values such as solidarity, justice and concern for our environment coming to the fore. In the end 'people are not like the passive automatons of economic textbooks. They have goals, beliefs and aspirations and they actively construct the world around them through the ways in which they talk, behave and make meaning'.[33]

There is, then, an enormous but vital cultural task here, the replacement of a deficient cultural paradigm with something more humane: 'Whilst it has become unfashionable to talk about values in arguments for socio-economic change, we cannot neglect this issue'.[34]

The task is enormous, but perhaps it can begin with small but significant concrete steps. So, for example, I have already adverted to the resistance in the banking and financial sectors to caps on salaries and bonuses. We have experienced this resistance also in Ireland. One of the key arguments used to sustain this resistance is to cite market forces and competition – for example, in January 2010 Stephen Hester, appointed by the British Government to run the Royal Bank of Scotland, defended his own bank before a House of Commons Treasury Select Committee by saying that RBS was 'prisoner of the market' and that his bank's policy was to pay 'as little as we can get away with' of these bonuses while retaining 'good people'.[35]

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The question arises: 'What sort of person could be described as 'good' who would only get out of bed if he could thereby add millions of pounds to his already six-or-seven-figure salary?' – and this in a context where: 'Banking business is thriving. In effect they can take money from governments and lend it out at a vast profit, almost risk free'.[36] After all, how much intelligence does it take to make this kind of money? Do we want our smartest people to be in this sector? What about the work of research, of artists, of ordinary folk who contribute so much to sustaining the fabric of society?

If we begin to define our society along the lines of the common good and integral human development, can we not also begin to say, albeit reluctantly, to those who ask for inordinate salaries to do what is in reality quite ordinary work: 'No, we are sorry, but perhaps you would be happier living elsewhere?' And do we really think that there are not enough intelligent people, of sound values, to take the place of these high-flyers, who in the recent past have proved themselves to be so egregiously fallible?

If our culture, our civil society, can develop along these lines, perhaps we will also find the way to sustain and institutionalise our recent and well-justified outrage into a more radical political form. The popular discourse tends to be somewhat apathetic, even cynical, about politics and politicians: there has been a breakdown in trust, as with so many other sectors of our society. And yet we have shown in the recent and more distant past – one thinks of the debates around the two referenda on the Lisbon Treaty, the consensus that emerged around Northern Ireland – that we are capable of being a vibrant democracy, and of responding to and giving political leadership.

Clearly, any attempt to fashion a more radical response to this recession will demand this kind of political investment – and not just at national level, but also at regional (for us, again, the EU) and global levels. Are we ready to think like this, even to give leadership in this direction?

Religion

It is in this context too that the role of religion needs to be re-considered. Before the Copenhagen Climate Summit, the Secretary General of the United Nations, Ban Ki-moon, told 200 religious leaders: 'You can inspire, you can provide, you can challenge your political leaders through your wisdom and through your followers'.[37] In this, he was echoing the contention of political scientist Robert Putnam that: 'religions remain one of the most reliable and impressive sources of social capital' and Chief Rabbi Jonathan Sachs who remarked that: 'Religion is an agent of social change, the most powerful there is' and who proposed that religions in Britain come together to create a 'covenant of the common good'.[38]

Of course religion can be a force for evil and for mediocrity, as well for good and for excellence. Cinema-goers who got a chance to view Michael Haneke's striking, if disturbing, *Das weisse Band* (*The White Ribbon* – 2009) will have understood, perhaps at a safe distance, the power of religion to terrorise and to reinforce the veneer of a certain bourgeois respectability, not to mention the more sinister aspects of patriarchy and near-feudalism. Arguably, the Catholic Church in Ireland, especially in the twentieth century, despite all the wonderful good it also did, promoted a certain mediocre social conservatism and a lack of public transparency and accountability in economic and political issues. It was also, of course, itself guilty of enormous crimes against children, not least through its own deficient culture of authoritarian clericalism and failure to grapple honestly with issues of sexuality.

But Catholicism, Christianity, religions are not of their essence evil: on the contrary, they are liberating, and through their focus on transcendence they encourage that shift from egoism to concern for others that is so vital for the creation and nourishment of social capital. And so it makes sense that in Ireland we find a way – which, properly, will take time – to move beyond the anger and the ultimately sterile narrowness of mutual blame and recrimination, to a space where a reformed Catholicism can join with other strands of Christianity and other religions in our common search and struggle to become 'artisans of a new humanity' (Segundo), together with all people of goodwill.

It may seem that by introducing these other elements – the cultural, political, religious – into a complex economic crisis that one is simply complicating an already daunting task. However, the thrust of my argument has been that today we simply cannot 'take one problem at a time'; in particular, there is no 'technical solution' to our crisis. Pope Benedict XVI is right in this respect when he asserts that today 'the social question has become a radically anthropological question'[39] – in other words, we cannot respond to this global and interlocking crisis except by reconsidering what we understand by a properly human life.

However, given the complexity of our crisis, given the many elements as described above which must form part of a solution, it may help also to begin to look at, and evaluate, some samples of more holistic and concrete economic models which are being proposed in these days. It is to these issues I will turn in the second article of this series.

Notes

1. Gerry O'Hanlon SJ, *The Recession and God: Reading the Signs of the Times*, Dublin: Jesuit Centre for Faith and Justice and Messenger Publications, 2009, especially Part Four.
2. *Ibid*., p. 23.
3. Dr Rowan Williams, Archbishop of Canterbury, who noted that 'economics is too important to be left to the economists', going on to say that there was a role for 'awkward amateurs' in examining the role of the City of London – see David Batty, 'Archbishop of Canterbury hits out at bankers' lack of 'repentance'', *The Guardian*, Thursday, 16 September 2009.
4. Address by An Taoiseach, Brian Cowen TD, to delegates at a Citigroup conference, Dublin, 11 January 2010, reported in Caroline Madden, ''Clear signs' of stability and growth', *The Irish Times*, Tuesday, 12 January 2010.
5. Ashley Seager and Heather Stewart, 'Economists start to consider that money can't buy happiness', *The Observer*, Sunday, 10 January 2010.
6. Pope Benedict XVI, *Caritas in Veritate*, Encyclical Letter on Integral Human Development, 29 June 2009 (www.vatican.va).
7. The New Economics Foundation, *The Great Transition: A Tale of How It Turned Out Right*, London: New Economics Foundation, 2009, p. 14.
8. *Ibid*., p. 14.
9. Ashley Seager and Heather Stewart, *op. cit.*
10. Tim Jackson, *Prosperity without Growth: The Transition to a Sustainable Economy*, London: Sustainable Development Commission, 2009 (www.sd-commission.org.uk).
11. New Economics Foundation, *National Accounts of Well-being: Bringing Real Wealth onto the Balance Sheet*, London: New Economics Foundation, 2009; New Economics Foundation, *The Happy Planet Index: An Index of Human Well-being and Environmental Impact*, London: New Economics Foundation, 2009.
12. For one interesting account of these attempts see Brigid Reynolds SM and Sean Healy SMA (eds.), *Beyond GDP: What is Prosperity and How Should it be Measured?*, Dublin: Social Justice Ireland, 2009. See in particular, P.J. Drudy, 'Problems with Economic Growth: Towards a Better Measure of Progress', on the composite measure that is the Human Development Index (HDI), taking into account life expectancy at birth, educational attainment and income adjusted for different purchasing power in different countries (p. 8). See also: Helen Johnston, 'Well-being Matters in Measuring Social Progress', on the Sarkozy-appointed Commission on the Measurement of Economic Performance and Social Progress which indentified the limits of GDP as an indicator of economic performance and social progress, and suggested that social progress is better captured in a multi-dimensional measure such as well-being (pp. 130–131). See further: Nic Marks, 'Beyond GDP: Creating Indicators of Sustainable Well-being'; Marks notes the two complementary reports on the topic by The New Economics Foundation (NEF) published in 2009 – *National Accounts of Well-being: Bringing Real Wealth onto the Balance Sheet* (in which people's subjective well-being is measured) and the *The Happy Planet Index: An Index of Human Well-being and Environmental Impact*, which measures 'the ecological, efficiency with which the world's nations deliver long and happy lives for their citizens'. According to this index – effectively a measure of sustainable well-being – Costa Rica ranks first; the UK 74th; Ireland 78th; and the USA 114th – out of 143 nations! (p. 85). For similar perspectives, see also the website of TASC, an independent Irish think-tank (www.tascnet.ie).
13. Paula Clancy, Director of TASC, 'Welcoming Remarks', at TASC Autumn Conference, 'Towards a Progressive Economics', Dublin, 10 October 2009, citing Professor Tim Jackson (see www.tascnet.ie).
14. David Batty, 'Archbishop of Canterbury hits out at bankers' lack of 'repentance'', *The Guardian*, Thursday, 16 September 2009.
15. Duncan Campbell-Smith, review of Roger Bootle, '*The Trouble with Markets: Saving Capitalism from Itself*', in *The Tablet*, 9 January 2010, pp. 22–23: 'Large swathes of the financial services industry, built upon flawed assumptions and arcane mathematical models, have been worse than socially useless: they have distorted both the world economy and the moral values of contemporary society' (p. 23). And Joe Gill, director of equity research with Bloxham Stockbrokers, draws attention to the explosion of commodity trading within global financial markets, which he contends requires urgent political and regulatory attention to eliminate the abuse of real supply and demand: 'It is estimated that activity by financial players in commodity markets dwarfs the actual volume in the underlying product.

In value terms, the amount of trade is over five times the value of the real commodity' (Joe Gill, 'Crackdown on commodity trading abuses needed', *The Irish Times*, Tuesday, 23 November 2009). Similarly, Bob Goudzwaard, Professor Emeritus of Economics and Social Philosophy at the Free University of Amsterdam, has noted that 'recent estimates suggest that the annual growth of credit-money in the last ten years was on average four times the growth of the real economy'. Goudzwaard notes further that, according to Herman Daly, the American economist, 'the amount of paper exchanging for paper is now twenty times greater than exchanges for real commodities' (*The Tablet*, 21 February 2009).

16. Andrew Ross Sorkin, *The New York Times*, Saturday, 13 June 2009. Sorkin goes on to relate the agreement of George Soros with this view and, in particular, his argument that one kind of derivative – credit default swaps (CDS) – should not be allowed at all: 'The more I've heard about them, the more I've realized they're truly toxic. It's like buying life insurance on someone else's life, and owning a license to kill'.
17. New Economics Foundation, *The Great Transition*, *op. cit*., p. 97.
18. Jack Welch, former CEO of General Electric, the person most associated with the idea of maximising shareholder value, was reported in early 2009 as declaring that it was 'a dumb idea' for executives to focus so heavily 'on quarterly profits and share price gains' – see Francesco Guerrera, 'Welch condemns share price focus', *Financial Times*, Thursday, 12 March 2009. (Indeed, in the same article Welch was quoted as saying: 'shareholder value is the dumbest idea in the world'.)
19. In this context it is interesting that at the Davos meeting held in January 2010 some disquiet was expressed, by the IMF among others, that President Obama's planned banking reforms diverge from the notion of a coordinated, global fix-it plan agreed by the G20 in London in April 2009, potentially creating patchwork global regulation with foreseeable malign consequences – Simon Carswell, 'Fears rising of patchwork approach to bank reform', *The Irish Times*, Monday, 1 February 2010.
20. See www.robinhoodtax.org
21. cf Gerry O'Hanlon, *op. cit*., p. 28. See also Paul Gillespie ('We can always get to Utopia – even from here', *The Irish Times*, Saturday, 12 December 2009) who quotes Adair Turner, chairman of the UK's Financial Services Authority, describing much of the short-term, speculative activity of the City of London as 'socially useless' and sees a Tobin-style tax as a 'nice, sensible revenue source for funding global public goods'.
22. According to a lead article in *The Tablet* (16 January 2010), it is estimated that bonuses amounting to 50 billion dollars are expected to be paid by British and American banks to their employees in 2010. Many of these bankers will, of course, be in the area of investment trading, and many of the banks involved will have benefited from government bail-outs. *The Tablet* leader goes on to say: 'Virtually everyone but the bankers themselves think this is utterly outrageous'. One notes the political attempts of President Obama, President Sarkozy and Prime Minister Brown, among others, to rein in the apparent culture of entitlement which predominates in the higher echelons of banking and finance. In this context, Madeleine Bunting observes how the economist, Amartya Sen, and the political philosopher, Michael Sandal, use the notion of outrage as the starting point for their respective works on justice ('Our speechless outrage demands a new language of the common good', *The Guardian*, Monday, 19 October 2009).
23. In this context one notes in particular the plans announced by President Obama in January 2010 for a far-reaching overhaul of Wall Street, involving a crackdown on banks' riskier activities, including speculative 'proprietary' trading and investing in private equity and hedge funds. This is said to be close to the thinking of influential economist, Paul Volcker, former Federal Reserve Chairman and current Chairman of President Obama's Economic Recovery Advisory Board, who has referred to 'unmanageable conflicts of interests' for banks as they made investments for clients and themselves simultaneously, and who has stated that: 'we ought to have some very large institutions whose primary purpose is a kind of fiduciary responsibility to service consumers, individuals, businesses and governments by providing outlets for their money and by providing credit … those institutions should not engage in highly risky entrepreneurial activity' (David Cho and Binyamin Appelbaum, 'Obama breaks with Geithner's agenda', *The Irish Times*, Saturday, 23 January 2010). Of course, the 'highly risky entrepreneurial activity' of Irish banks in particular seems to have been related to dealings in the property market – 'the Irish problems relate to a very old-fashioned credit boom and not to financial innovation', and there was 'insufficient scepticism about this on the part of the Regulator' (Patrick Honohan, 'Resolving Ireland's Banking Crisis', *The Economic and Social Review*, 40, 2, 2009, p. 230).
24. Paula Clancy, Director of TASC, speaking of the situation in Ireland: 'Shouldn't public policy have a view on the desirable minimum level of income and resource inequality? For example, should the top 20% be limited to an income of 10 times or even 5 times that of the bottom 20%? Should the Irish Constitution include some such policy objective?' ('Welcoming Remarks', at TASC Autumn Conference, 'Towards a Progressive Economics', Dublin, 10 October 2009 – see www.tascnet.ie).
25. Madeleine Bunting, 'Our speechless outrage demands a new language of the common good', *The Guardian*, Monday, 19 October, 2009, quoting political philosopher Michael Sandel.
26. New Economics Foundation, *The Great Transition*, *op. cit*., p. 23, referring to Richard Wilkinson and Kate Pickett, *The Spirit Level: Why More Equal Societies Almost Always Do Better*, London: Allen Lane, 2009.
27. Pope John Paul II, *Centesimus Annus* (On the Hundredth Anniversary), Encyclical Letter, 1 May 1991, n. 40 (www.vatican.va).
28. Paul H. Dembinski, review of Jean-Yves Calvez, *Changer le capitalisme*, in *Finance and the Common Good/Bien Commun*, 12, Autumn 2002, p. 85.
29. Richard Tol, 'Damaged credibility doesn't alter climate facts', *The Irish Times*, Monday, 18 January 2010.
30. See Comhar, *Towards a New Green Deal for Ireland*, Dublin: Comhar (Sustainable Development Council), 2009, for the background to the term 'New Green Deal', p. 15 (www.comharsdc.ie).
31. New Economics Foundation, *The Great Transition*, *op. cit*., p. 20.
32. *Ibid*., p. 15.
33. *Ibid*.
34. *Ibid*.
35. *The Tablet*, leader, 16 January 2010, p. 2.
36. *Ibid*.
37 cf Sean McDonagh, 'Earth's Last Chance', *The Tablet*, 14 November 2009, p. 16. I note in this context the 2009 document on climate change from the Irish Catholic Bishops: *The Cry of the Earth: A Pastoral Reflection on Climate Change by the Irish Catholic Bishops' Conference*, Dublin: Veritas, 2009.
38. O'Hanlon, *op. cit*., p. 44.
39. Pope Benedict XVI, *Caritas in Veritate*, Encyclical Letter on Integral Human Development, 29 June 2009, n. 75 (www.vatican.va).

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