

Online-Texte der Evangelischen Akademie Bad Boll

## Addressing Economic and Ecological Crises, under Globalization

Alternatives and Challenges for the Ecumenical Movement

*Rogate Mshana*

### Ein Beitrag aus der Tagung:

Globalisierung kritisieren und gestalten

Zur Aufgabe der Weltmission heute

Bad Boll, 8. Mai 2010, Tagungsnummer: 640510

Tagungsleitung: Wolfgang Wagner

---

### Bitte beachten Sie:

Dieser Text ist ausschließlich zum persönlichen, privaten Gebrauch bestimmt. Jede weitere Vervielfältigung und Verbreitung bedarf der ausdrücklichen Genehmigung des Urhebers/der Urheberin bzw. der Evangelischen Akademie Bad Boll.

© 2010 Alle Rechte beim Autor/bei der Autorin dieses Textes

Eine Stellungnahme der Evangelischen Akademie Bad Boll ist mit der Veröffentlichung dieses Textes nicht ausgesprochen.

Evangelische Akademie Bad Boll  
Akademieweg 11, D-73087 Bad Boll  
E-Mail: [info@ev-akademie-boll.de](mailto:info@ev-akademie-boll.de)  
Internet: [www.ev-akademie-boll.de](http://www.ev-akademie-boll.de)

# Addressing Economic and Ecological Crises, under Globalization

## Alternatives and Challenges for the Ecumenical Movement

*Rogate Mshana*

### I. Introduction

This presentation has two main objectives. First, it critically examines the current global economic and ecological crisis under globalization and secondly, it outlines possible alternatives and challenges for the ecumenical movement. Because of the magnitude of the problem, this paper will only briefly point to the major issues that will require the attention of the ecumenical movement.

Some of the terms used in this presentation are defined because they are understood differently by different people depending on different schools of thought and social locations. Understanding each other's positions will mark the beginning of a powerful ecumenical force which could challenge "free market capitalism" which is the main global problem today.

At the outset, it is important to restate that a majority of the ecumenical movement has been always against "free market capitalism" which has in recent times created its own new crisis. The economy today justifies inequality based on wealth, gender disparities and exclusion of disempowered communities, creates new forms of oppression, stifles people's dissent and destroys mother earth. The churches and social movements have stated this over and over again in many different ways. (Refer René Krüger, *Life in All Fullness. Latin American Protestant Churches Facing Neoliberal Globalization*, LWF, WARC, ISEDET publication, 2007)

However, we should state clearly, that the ecumenical movement *does not demonize the market*. The market is a gift from God based on a just sharing of resources and on just exchange of goods. It will remain a useful mechanism in humanity as long as it enables people to exchange goods and services for a better life for all as it was originally practiced. Some elements of such just market relationships are found among Indigenous Peoples till today. This form of exchange is based on just relationships that respects profits for all people, cherishes human dignity and enhances justice for mother earth. As churches we are faced with a major challenge and that is how to realize this practical utopia? The current capitalist paradigm claims that, "free market" will bring happiness to all people. Recent events have proved this claim to be wrong.

If the whole world wished to consume resources at the level the United States has done (a consumption pattern which was fuelled, incidentally, by a credit binge which led to the current economic crisis), we would need by conservative estimates over five planets like the earth to support this pattern of life, if we use ecological footprints as the measure. Under the current pattern of unequally distributed benefits of growth, to lift everyone in the world onto a modest \$3 per day, would require the

resources of around 15 planets like ours.<sup>1</sup> To give some more realistic statistics: it now takes around \$166 worth of global growth to fuel the energy hungry flat screen TVs and sports utility vehicles. It is this amount that is required to generate a single dollar of poverty reduction for people in absolute poverty compared with just \$45 in 1980s. Tackling poverty in a carbon constrained world requires a new economic model, better measures to assess progress and a shift from relying on unequal global growth towards serious redistribution. If we think the planet as a cake, we can slice it differently but we do not have it in our power to bake (to create) a new one.

Where do we go from here then? How do we go beyond strong statements to actions as churches? These are challenging questions that we should address.

Sadly, our national economies and now global economy are not based on a just and sustainable economic model that the ecumenical movement dreams to have. Our economies are rather based on greed today even excessive greed. (The WCC Study on Poverty, Wealth and Ecology has further confirmed this contention through the understanding of greed lines and wealth lines). It is this that has led to the current, financial, food and ecological crises. The most disturbing thing is that most of church statements that do critique “free market capitalism” have not penetrated the discussion as they depend on the pundits of this paradigm in their analysis as we shall see. Some churches have also benefitted and have been flourishing within the frame of free market capitalism and therefore are cynical to any suggestion of possible alternatives. This is another ecumenical challenge. So, we have two challenges: how can we realize the utopia of a really just and equitable market? And, how can we create synergy among ourselves as churches and with ecumenical partners so as to ensure that this ecumenical concept of the market is taken up by other movements as well as decision makers. How do we address these challenges at both the national and global levels?

## II. Some effects of free market Capitalism

### The world economic crisis

Free market capitalism measures progress by growth of products and not from the human development index criteria. When this is applied, the world economy is in a huge crisis. Ironically today, even by the measurement criteria of free market capitalism pundits, the world economy is in crisis.

The world economy is mired in the severest financial crisis since the Great Depression of 1930. Growth in world gross product (WGP) is expected to slow down to 1.0 per cent in 2009, a sharp deceleration from the rate of 2.5 per cent estimated for 2008 and well below the more robust pace in previous years - 3.4 percent. While most developed economies are expected to be in a deep recession, a vast majority of developing countries are experiencing a sharp reversal in the robust growth registered in the period of 2002-2007, indicating a significant setback in the so called progress made in poverty reduction for many developing countries over the past few years. The prospects for the Least Developed Countries (LDCs), which were doing so well on average over the past years, are now facing serious setbacks and are deteriorating rapidly. Income per capita for the world as a whole is expected to decline.

Refusal to abandon the so called “free market paradigm”

---

<sup>1</sup> Sustainable Development Issues Network, May 6, 2008

Unfortunately we still have not learnt! Pundits of free market capitalism recommend more forceful fiscal policy stimuli to be taken in an internationally concerted manner in order to prevent the world economy from falling into a much deeper and more prolonged recession. The group of 20 mainly industrialized countries proposed the need for some reforms to the international financial system but did not go deep enough to suggest a radical shift from the free market paradigm to stop similar crises from happening in the future. It is capitalism in crisis.

But the G20 solution is insufficient. The US and G20 have continued to insist on free markets as the answer – this is a dangerous and outmoded ideology with regard to financial regulation. Unfortunately, the G20 communiqué was based on these outmoded and discredited ideas. Some European countries called for a new financial architecture that starts with, and gives primacy to, new cross-border global financial regulatory authorities which are not now in place and must be constructed in the near future. It is evident, moreover, that the existing financial regulatory institutions, like the Basel Committee on banking Supervision and Financial Stability Forum have very limited membership, and cannot issue binding standards and rules. They are heavily influenced by the financial lobby and have proven to be totally inadequate both in predicting financial crises and in acting to stem them.

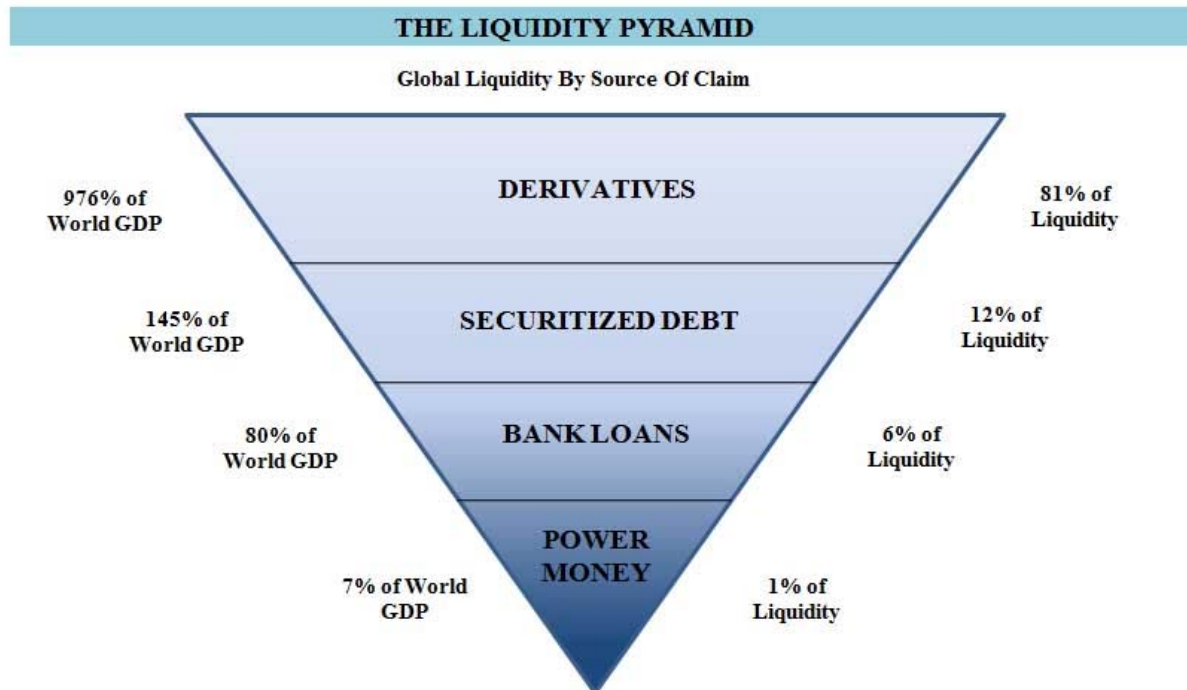
## Financial crisis

The crises that accentuate the current global financial system (debt crisis, sub-prime mortgage crisis, currency crisis, banking crisis and capital market crashes and poverty) have been particularly severe in industrialized countries, while its effect has spread rapidly to developing countries. The US economy contracted by 0.3 percent between July and September 2008, the biggest drop in GDP since 2001. For the first time in 16 years, the UK's GDP sank by 0.5 percent during the same period. The 15 euro-zone countries and Japan are thought to already be in recession. China's phenomenal growth rate declined for the first time in two and a half years. India has also experienced a slowdown, although both countries continue to grow at a healthy pace of 9 and 7.5 percent respectively. However, some of their export sectors are expected to suffer as the main markets contract. India's call centers and its business service providers are preparing to cut a quarter of their workforce, and half of China's toy exporters have gone out of business.

Consumer spending in major economies is down sharply, while unemployment is up. The US shed 760,000 jobs in the first nine months of 2008, and in the UK 164,000 people lost their jobs between June and August 2008. Many other OECD countries are also bracing up for significant job losses. Efforts to reduce poverty under by implementing the Millenium Development goals have been affected negatively. June 23, 2009-The United Nations Millenium Campaign today released an analysis showing that since the inception of overseas development assistance, almost 50 years ago, donor countries have given some USD 2 trillion in aid. And yet over the past year, USD 18 trillion has been found globally to bail out banks and other financial institutions. Today 50,000 people are dying of extreme poverty everyday. According to the Food and Agriculture Organization, the economic crisis has resulted in 100 million more people going hungry, taking the total number of hungry people in the world to a staggering one billion.

The financial crisis has resulted in a variety of inconclusive debates on how to bring about international financial reform. The industrialized countries continue to define austerity measures as a panacea for poor countries instead of addressing the failure of the whole system. Austerity measures

for the developing world may have made sense to them when the industrial countries were stable and prosperous. Time has come now to seriously address this and see it as a temporary measure that neither helped the developed world nor did it redeem already struggling developing economies.



*Source: Independent Strategy*

Although it is difficult to evaluate the real state of the liquidity pyramid, the trend is worrisome. Despite the 2007 financial turmoil and its domino consequences, the share of derivatives and its equivalent in terms of world GDP has increased. It was respectively 75% and 80.2% in 2007<sup>1</sup>. This is an indication that the virtual financial system is still rolling. Wall Street continues to run the government somehow, not the reverse.

There are inadequate actions by financial institutions in dealing with the financial volatility or in reframing and designing guidelines for a just and stable system for all countries and peoples. The WCC has called for the need for a new financial architecture which will qualitatively regulate huge and uneven growth. To achieve this change, a solid process that takes on board all global actors and civil society is imperative in this time. Civil society groups and many governments have called for a process that is much more inclusive of all nations and the peoples of those nations. Could the United Nations be the forum which ought to design a just global financial and economic system?

The need for a new International Financial Architecture under the auspices of the UN

The global financial meltdown - with the U.S economy at its epicenter – has effectively debunked the neo-liberal economic myth that deregulated financial markets are “efficient”. The WCC background document on Alternative Globalization Addressing People and Earth prepared in 2005 had observed that:

“No international financial institution... is able or willing to control the USD 1.9 trillion worth of currencies that are traded everyday. Financial speculation dominates trade in goods and services, diverting resources from long-term productive investments and areas of greatest need. Financial markets are also increasingly unstable, with speculative bubbles and financial crises.”

The problems of external debt and capital flight as well as the recent bail out of troubled banks and insurance institutions in the US and Europe (which incidentally is an amount exceeding that which is needed to eradicate poverty around the world), make clear that the international financial system we have today is one that is based on injustice: it is a system wherein the global poor are essentially subsidizing the rich. According to the UN secretary general, this crisis is threatening the achievement of the millennium development goals that calls for USD 16 billion to be set aside for its success. Efforts to avert climate change and climate change mitigation and adaptation measures in poor countries and financing for development are now in danger with reduced financial flows into these sectors. It also imperils previous international pledges of financial support for addressing the food crisis. It is therefore patent that nothing less than a paradigm shift is needed. This paradigm shift must be done within the framework of the UN that will include all countries, civil society and faith based communities.

The report edited by Prof. René Krüger: *Life in All Fullness* referred to earlier has extensive statements, analyses and testimonies challenging this paradigm and suggesting actions and alternatives in Latin America. In what way can these initiatives reach the pundits of free market capitalism?<sup>2</sup>

The search for international solutions for the unjust financial system could be complemented by national efforts to control financial markets. It is necessary to take seriously the danger of foreign financial dependence. During the earlier period of dramatic financial volatility, when banking crashes, Foreign World Debt defaults and stock market collapses were common, the most well known economist of the 20<sup>th</sup> century, John Maynard Keynes, had responded with these words: *I sympathize with those who would minimize, rather than those who would maximize economic entanglement among nations. Ideas, knowledge, science, hospitality, travel - these are things which should of their nature be international. But let goods be homespun whenever it is reasonably and conveniently possible and above all, let finance be primarily national.*

Keynes, was not merely advocating for nation-state control of finance because of concerns over volatility. At stake was nothing less than sovereignty over economic policy. Implied in his statement is that the management of the domestic economy depends upon a nation being free to set its own appropriate interest rate without reference to the rate prevailing in the rest of the world. Capital controls is a corollary to this. These insights apply equally to low-and middle income countries today, as it did to Britain during the 1930s. De-globalization of finance therefore represents a serious and laudable goal, instead of the chaotic, destructive and self-contradictory international financial flows. Financial justice can be achieved, in part, by restoring national sovereignty via capital controls. Realistically, there must be a dramatic change in how domestic finances are raised, lent and spent which requires ensuring that international financial power relations need to be radically and feasibly overhauled - simply so as to open the space for the reclamation of national financial sovereignty. A corollary to the financial crisis is the trade crisis. (See the appendix 1 for some alternatives and issues to be addressed).

---

<sup>2</sup> René Krüger, *Life in All Fullness*. Latin American Protestant Churches Facing Neoliberal Globalization, LWF, WARC, ISEDET publication, 2007



## Trade Crisis

Trade continues to be unjust and the rich countries continue to subsidize their farmers while putting barriers for products from poor countries. The Doha Development round is still dead and negotiations are on halt while unjust bilateral agreements now totaling 400 are going on between powerful nations and weak ones. TNCs are gaining power day by day. The agro-TNCs are profiting as food prices increase, while small producers suffer.

Industrial countries continue to dominate the global share of trade of manufacturing and also agriculture. TNCs control more than 40% of the global trade but offer very little employment and their investments in poor countries reap more than they leave for development in the countries by among other practices avoiding taxes. Often corruption is done with elites of these countries. Agricultural subsidies had risen 15% between the late 1980s and 2004, from \$243 billion to 279 billion.<sup>3</sup> Between 1995 and 2004, Europe alone has been able to increase its agricultural exports by 26% due to domestic subsidies. These subsidies continue to destroy farmers in the South. The global economic crisis is visible also in food security.

## Food Crisis

The disturbing phenomenon here is that the global food crisis has emerged not because there is insufficient food in the world but it has rather been created by human greed. The world food crisis which exploded in the first half of 2008 was because of price increases in food commodities on the international market, in particular wheat, rice, soya and maize which brought about an increase in the cost of food imports. It put tremendous pressures on household budgets for food. The food crisis has three main causes: increase in food prices, dependence of the countries of the South on food imports, and extreme poverty of families living in these countries, which devote on average 60%-80% of their income to the purchase of food. The price of food increased by 130% between January 2002 and June 2008 - for example the price of wheat increased by 181% between February 2005 and February 2008. The number of hungry and malnourished people has reached 923 million.<sup>4</sup>

The UN Special Rapporteur on the right to food reported during the Human Rights Council 4<sup>th</sup> August 2008 said that the increase in the prices of food commodities on international markets is almost unprecedented by its scale and brutality. The impact has been severe on the ability of international agencies to provide food and on the import bills of poor net-food-importing countries.<sup>5</sup> Additionally, it has been particularly severe in countries in which the consumers are insufficiently insulated from such impacts. Among the losers, are a large number of small farmers, who are themselves food buyers, and are unable to benefit from the increase in prices on the international markets, because the increase occurs at a time when the price of their inputs hits record levels and they are not connected

---

<sup>3</sup> UNDP World Development report 2005

<sup>4</sup> Declaration by Jacques Diouf, FAO Director General, 16 October 2008

<sup>5</sup> The food import bill of the Low-Income Food-Deficit Countries is expected to reach US\$ 169 billion in 2008, 40 percent more than in 2007. The balance of payments effects of food price increases are significant, especially when combined with the impacts of rising fuel prices, which are often even more important.

to global supply chain. But, at the same time, some have benefitted: they are global agribusiness firms and food retailers.<sup>6</sup>

The emerging technology on agro-fuels will further aggravate the food situation in the world. According to some experts, the production of 50 litres of bio fuel for a personal car in fact requires 200 kilos of maize, “enough to feed a person for a year!” Food riots were recorded all over the world threatening peace. These are issues that require action by the churches and the ecumenical family. Life-giving agriculture should be promoted as well as encouraging people to plant and consume their own food. Advocacy work for this task by the churches is imperative. In dealing with the issue of food, churches need to approach it from a justice perspective. (See the appendix 2 for proposed alternatives).

### Ecological crisis

Ecological issues have moral and ethical dimensions. Often they involve the depletion or degradation of the basic conditions for the survival of all living creatures on the earth, including the human race. Moreover, while major ecological problems such as climate change and biodiversity loss pose threats in the long-run to all people, it is the economically-weak who are disproportionately affected, especially in the short- and medium term. People living in the economic margins are dependent on pastures, fishing grounds and forests for their livelihoods, food, medicine, and fuel, making them acutely vulnerable to the degradation, depletion and appropriation of natural resources. In other words, ecological destruction, when super-imposed on existing structural (i.e. class-, gender- and race-based) disparities, tends to aggravate these inequalities and deepens poverty. At core, therefore, struggles for ecological justice are essentially struggles for life and human dignity.

Analyses of ecological problems cannot be de-linked from economic and political systems of our times. There are dynamic linkages between the present-day dominance of neo-liberal economic ideologies (free market capitalism) and ongoing processes of economic globalisation and the worsening ecological degradation. Free market policies have increasingly eroded and transferred government decision-making power to unaccountable, profit-oriented corporations at the expense of environmental protection. In the relentless pursuit for economic growth, international financial institutions have financed massive development projects (e.g. mega-dams) and imposed structural adjustment programmes on indebted countries with tremendous ecological and social consequences. Moreover, the globalising of economic models based on ever-expanding production and consumption has further undermined ecological sustainability. Thus, it becomes ever more apparent that efforts to protect the environment must be situated in the broader context of transforming the economy.

In building an ecumenical vision of sustainable communities, care should be taken to ensure deep-seated changes not only in economic and political systems, institutions and policies, but also, and just as crucially in people’s values and lifestyles. Models of human domination of the earth – whether for economic growth, profit or material consumption – have been deeply entrenched in economic theory

---

<sup>6</sup> It has been reported that : ‘Cargill, the world’s biggest grain trader, achieved an 86% increase in profits from commodity Trading in the first quarter of 2008 Bunge, another huge food trader, had a 77% increase in profits during the last quarter of 2007. ADM, the second largest grain trader in the world, registered a 67% per cent increase in profits in 2007. Nor are retail giants taking the strain: profits at Tesco, the UK supermarket giant, rose by a record 11.8% in 2008. Other major retailers, such as France’s Carrefour and Wal-Mart of the US, say that food sales are the main sector sustaining their profit increases’ (GRAIN report, Making a killing from hunger, April 2008, available from: [www.grain.org/articles/?id=39](http://www.grain.org/articles/?id=39)).



and practice for many centuries, and have further intensified and proliferated in the current era of economic globalization. Yet there are continuing pockets of resistance to the onslaught of the earth and these remain sources of hope.

In this context it is important to address the issue of ecological debt which refers to the debt owed by rich, industrialized nations and wealthy elites (i.e. the global North) to poor countries and the economically-weak (i.e. the global South) on account of historical and current resource plundering, environmental degradation and the disproportionate appropriation of environmental space to dump greenhouse gases and toxic wastes. The definition of ecological debt has evolved to include social aspects related to the disintegration of indigenous communities, deterioration in people's living conditions and loss of cultural heritage and values, among others.

Ecological debt serves as a counterbalance to the financial debt (currently estimated at USD 1.3 trillion) being claimed from many nations of the South, often at great cost to their citizens. It reveals how international trade and financial systems (in colonial and present times) have not necessarily been mutually beneficial in monetary and especially in ecological terms, highlighting the need for alternative trade and financial policies that place people and earth at the centre. It calls attention to the collective responsibility of the global North for past and current violations of the right to a clean and safe environment of other countries and peoples, especially in the South.

Additionally, the ecological crisis exposes the unsustainable nature of energy-intensive and consumerist lifestyles in the North and the dilemma of replicating these lifestyles in the South in the name of development. The global average ecological footprint – an approximate measurement of human impacts on the environment calculated by estimating the land and marine area required to sustain a population – is presently at 2.2 hectares, which is already 20 percent more than the earth's bio-capacity<sup>7</sup> of 1.8 hectares. Some countries use vastly more hectares to meet their consumption demands: the average for the United States is 12.8 hectares per capita.

Deforestation is another serious problem today as it releases about 1.7 billion tons of carbon annually, about 20 percent of global carbon emissions. Total emissions from deforestation in 2008-2012 are expected to equal 40 billion tonnes of CO<sub>2</sub>. It is estimated that to halve emissions from the forest sector by 2030 through carbon markets it would cost between 17 and 33 billion dollars a year.<sup>8</sup> According to WWF nearly 30% of EU's timber imports could be from illegal logging.

It should be pointed out that an "economic South" can also exist in the geographical North; and ecological debt may be claimed between groups of people within countries. For instance, the dominance of large corporations in agricultural production in North America has promoted unsustainable farming practices that damage the environment as well as hurt the incomes and livelihoods of small farmers and landholders in this region.

The ecumenical movement should aim to create awareness, stimulate discussion and strengthen processes towards the recognition of ecological debt as a alternative to present relations between the north and south. This should be done mainly through the conduct and dissemination of research analyses on how ecological debt is generated and how it can be recompensed; as well as through building net-

---

<sup>7</sup> Bio-capacity refers to the capacity of a given biologically productive area to generate an on-going supply of renewable resources and to absorb its spillover wastes.

<sup>8</sup> [http://knowledge.allianz.com/en/globalissues/climate\\_change/climate\\_solutions/forest](http://knowledge.allianz.com/en/globalissues/climate_change/climate_solutions/forest)

works between churches, communities affected by ecological debt and movements working on the issue.

Human-induced climate change is one of the most critical issues in addressing ecological debt. Rich, industrialized countries are mainly to blame for greenhouse gas emissions that cause climate change. In particular, the United States generates more greenhouse gases per head than any other country in the world, accounting for 37 percent of global emissions. Yet it is the only major emitter that has not ratified the Kyoto Protocol. The most recent data shows that China may have already overtaken the United States as the foremost greenhouse gas emitter in absolute (but not in per capita) terms.

Poor countries are less responsible for greenhouse gas emissions, however scientific research (including the 2007 Report of the Intergovernmental Panel on Climate Change) indicates that they will bear a bigger burden of the adverse environmental effects of climate change, namely: increased frequency and intensity of floods, droughts, storms and heat waves. The environmental changes brought about by rising temperatures result, in turn, in disruptive and life-threatening socio-economic impacts including: the massive displacement of people living in low-lying coastal areas, the loss of sources of livelihood (especially among already marginalized groups such as farmers and fishermen), food insecurity, and reduced access to water. Poor countries in the South are particularly vulnerable to climate change for several reasons. They still have large proportions of their economies in climate-sensitive agriculture; and they lack the capital and technology to cope with disasters, as well as to mitigate and adapt to climate change.

### III Challenges in addressing the above so as to make lasting changes

The major challenge is to find a way to address those powers that continue to promote free market capitalism despite the human and ecological disaster it has caused. It is an era in which the neo-liberal economic ideology tries to stifle any resistance to the present and the search for another model that could save human kind.

It is almost frightening to read what the next President of EU, from the Czech Republic, Vaclav Klaus, claims that he will do. “Do not tie the markets - free them”<sup>9</sup> is his motto. He is out to fight those who are seeking a new order. He contends that, “The global climate is basically not changing, but global warming alarmists have succeeded in persuading politicians (and some ordinary people as well) that a doomsday is coming and on this false assumption, they have tried to restrain our freedom and curtail our prosperity. The temporary thing to do now would be to weaken, if not repeal, various labor, environmental, social, health and other “standards” because they block rational human activity more than anything else. The Czech government will hopefully not be the champions of global warming alarmists. The Czech government will – hopefully - not push the world and Europe into more regulation, nationalization, de-liberalization and professionalism.” Moves to mitigate climate change by fighting CO2 emissions, according to him are useless and, what is more important is that human beings have proved themselves to be sufficiently adaptable to an incrementally changing climate. “The EU presidency might give us a chance to make use of some of our views to the benefit of the citizens of EU member states.” he concluded.

What the next President of the EU does not realize is that free market capitalism is damaging the interests of even EU citizens. The citizens worry about rising inequalities and they are unimpressed

---

<sup>9</sup> See Financial Times, Wednesday, January 7, 2009, p.9

by those running their largest companies and want politicians to make the world more equal. Those are the stark results of the FT/Harris opinion poll, which surveyed the US, the UK with their more liberal economic cultures as well as the more dirigiste continental European economies.<sup>10</sup> Vaclav Klaus is a real pundit of free market capitalism and a representative of many pro-free market capitalist institutions such as the World Bank, the IMF, WTO and its related TNCs, banks and other thinkers. The World Bank for instance approaches the ecological challenge from a commercial perspective without looking critically at changes in production and consumption patterns.

Our main challenge is to confront what Russel Jacoby calls convenient cynicism, a belief that human suffering, hardships, and massive inequalities in all areas of life are simply inherent in human nature and an irreversible part of social condition. Within this discourse, hope is foreclosed, politics becomes dull, and resistance is privatized, aesthetics, or becomes degenerated into all forms of hyper commercialized escapism. Neo-liberalism offers an artificially conditioned optimism - operating at full capacity in the pages of Fast Company, Wired Magazine, and Forbes, the Nike and Microsoft revolutionaries - in which it becomes increasingly difficult to imagine a life beyond the existing parameters of market pleasures, mail-order catalogues and shopping malls.<sup>11</sup> As churches we have to address this blindness by not only working with suffering people but by also addressing power and those who promote such values.

Considering a new ecumenical approach to transforming “free market capitalism”

Ecumenical approaches in critiquing “free market capitalism” have to a great extent been too muted or have stayed within the confines of the churches and the ecumenical family, to such an extent that pundits of this capitalist empire do not notice or hear a strong voice of the churches. This message of resistance and hope must penetrate the centers of neo-liberal economic power. We should think of a strategy to do this in the coming years.

While the churches of the North operate in the heart of the neo-liberal economic empire they have concentrated on charitable traditional diaconia (supporting projects to reduce poverty in the South) and have done too little to challenge free market capitalism’s deep impact on the world. They have not done much to advocate for a paradigm shift to implement political diaconia as suggested by Gustavo Driau.<sup>12</sup>

The Church of Norway responding to the AGAPE document made it clear that it is comfortable to address poverty (through a traditional diaconia approach) but did not want to address the neo-liberal economic empire when it said, “even though the empire discussion has caused much debate, it remains a fact that many feel we have an unjust system that generates poverty. As a church in the North, we believe it is important to recognize this sense and these voices from the South. It is, however also the opinion of the majority of the KISP-Commission that the term “empire” and the way AGAPE describes the present global economic system is not very fortunate for the common fight for justice and against poverty of the ecumenical movement. The majority are of the opinion that there is a need for broader notions that unite the churches in the North and in the South in this fight. In the continued process, it will be important to clarify to what degree it is the language and

---

<sup>10</sup> See Financial Times; Monday , July 23, 2009 p.1

<sup>11</sup> Henry A.Giroux, Public Spaces, Private Lives : Democracy beyond 9/11, Rowman and Littlefield Publishers , MaryLand 2003 p.119

<sup>12</sup> René Krüger, Life in All Fullness, ibid. pp.187-203

words being (cf. "empire") used that separate us and to what degree there is genuine political discrepancy.<sup>13</sup>

The question to be addressed is whether it is simply a problem of language or is it the ideological differences due to different social locations of the churches that divide us? Hence there is urgent need for the churches in the North and those in the South to enter a dialogue. We must have concrete church encounters on this issue.

The bilateral initiatives between countries which involved churches in Latin America to resolve illegitimate debt such as that of Ecuador and Norway could serve as a model to discuss a new strategy for establishing just trade and financial relations.

To continue confronting liberal cynicism - which is a dystopian belief that ideas can only serve power and that little can be done to imagine or challenge dominant ideological, economic and political forces. We have been told not to be ideological but rather work on result based projects like poverty alleviation. But, many would underline that the churches prophetic ministry should be without hesitation or embarrassment utopian, advocating for another world where life can be experienced in fullness.

Although much has been mentioned to transform traditional theologies by changing curriculum in our theological colleges to include courses that will critique market capitalism, observation reveals that very little has been done.

It is imperative to go beyond issuing statements without ensuring concrete follow up and implementation. We need for instance to question how the churches and ecumenical organisations engage in investments of their resources, including pension funds. Can they boycott products of companies such as Starbucks, Monsanto, Nestlé etc.? The churches need to go beyond pronouncements to actions.

We should talk to power by engaging those who are pundits of the neo-liberal economic paradigm by facilitating the participation of struggling people in confronting World Bank, IMF, WTO, TNCs etc. In this way the alternatives proposed by churches will be heard.

Finally, we should mobilize people in the churches, make available information about the tactics of the neo-liberal economic empire and exchange information about the new forms it takes even in this time of crisis.

## *Appendix 1*

Challenges to the global financial crisis:

How can civil society and religious society work out a new system in which justice can be central in all global financial transactions?

How can such a system contain ethical principles to deter the abuse of financial systems at the cost of the world's poor?

---

<sup>13</sup> The Church and Economic Globalization, The commission on International Affairs, Church Council on Ecumenical and International Relations, October 2007, p.66

How can the churches play a more active role in calling governments and financial institutions to account for the present debacle?

Alternatives

The alternatives to be designed will need to address the following issues:

regulation of excessive and destabilizing currency speculation

strengthening national and regional central banks to gain control over monetary policy

developing a multilateral approach on common standards to define the tax base so as to minimize tax avoidance opportunities for both TNCs and international investors.

developing a multilateral agreement to allow states to tax TNCs on a global unitary basis, with appropriate mechanisms to allocate tax revenues internationally.

resolving problems of debt within the auspices of the UN providing an arbitration mechanism.

revisiting the application of a Currency Transaction Tax to curb short-term volatility of capital movements and exchange rates.

setting up proposals for democratizing all global finance and trade institutions which will link finance to real economy and avoid greed that leads to financial bubbles.

ensuring that the development of a new financial architecture includes representatives of all developing countries and members from the civil society including religious communities

### *Appendix 2:*

Some concerns that need to be kept in mind when developing alternatives on the food crisis.

On international institutions, regional intergovernmental bodies and governments to

introduce legislation at all levels that enshrines the right to food and food sovereignty; such legislation will

protect farmers from subsidised imports,

guarantee fair and stable prices for small food producers,

introduce regulation of international agro-businesses and of speculative activities on commodities trading;

promote corporate social responsibility and accountability in agro-industry,

build into agriculture resilience and adaptation to climate change, and

protect the environment;

redesign trade, investment and aid regimes;

without conditions, cancel external financial debts, especially of countries heavily affected by the crisis (e.g. Haiti), in order to free up resources to finance rural investment and support small farmers;

carry out studies on the social and environmental effects of a moratorium on agro-fuel expansion;

in developing alternatives the churches need to  
advocate actively with their governments, intergovernmental organizations and international financial institutions for the implementation of the above,  
renew their commitment to work for genuine land reform – including the redistribution of church lands,  
ensure just and sustainable use of church lands, and review their own institutional practices in buying food,  
promote local and environmentally friendly agricultural production through support:  
for community seed banks and appropriate household food reserve systems;  
for direct relationships between producers and consumers;  
for all efforts of awareness-building in local communities and congregations on the global food crisis through education and ecumenical formation, relevant bible study materials, etc.  
link up with peasant movements, Indigenous Peoples, women’s groups and disabled persons in designing other proposals for advancing the right to food and food sovereignty through the World Social Forum and other spaces.

*Dr Rogate Mshana is WCC program Executive for Economic Justice*

---

<sup>1</sup> See chapter by Roel Aalbersberg for more comments on this pyramid.