Report

Bridging the Gap: Economic Inequality and Church Responses in the UK

Simon Perfect

With a foreword by The Right Revd Philip North, Bishop of Burnley

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Simon Perfect
March 2020

Foreword

Human life is ineffably precious, and the heart of the Gospel is a bold claim about the dignity of the human person, made and re-made by the saving work of God in Jesus Christ.

Yet that dignity is deeply corroded by the sin of economic inequality. Whilst a certain degree of inequality is perhaps inevitable, and indeed some would say beneficial, the vast and ever-widening wealth disparities we see in this nation are deeply undermining of the common good. This important and timely report lays bare the profoundly negative impact of economic inequality both on those who live in poverty and on those who are prosperous.

The appearance of *Bridging the Gap* at this stage in our national life is of great significance. As it is published our nation is going through a crisis of unprecedented magnitude which has resulted in the shutting down of large parts of the economy in an attempt to battle the COVID-19 pandemic. As the weeks go on, it is becoming increasingly apparent that it is those who are economically excluded and who already suffer most as a result of economic inequality who will be the chief victims of this pandemic.

It is invariably the case that crises which, at their beginning impact everyone, over time are delegated to the poor. That was certainly so after the 2008 financial crisis where, even as the bankers and financiers who were its cause returned to their well-paid jobs, the most deprived footed the bill through ten long years of austerity, unjust workplace practices, a culture of low-pay and the hollowing out of local government and the voluntary sector.

There must be very real fears that the same will happen with the COVID-19 pandemic and that over the next decade, as the costs of the extreme economic measure that have been taken are met, we will see an ever widening gap between rich and poor and the problems this report so graphically highlights exacerbated.

As with society at large, the dilemma for Christians when confronted with ever-growing levels of economic inequality is, ‘What can we do about it?’ And in an increasingly secular nation, a shrinking institutional church can feel especially powerless in the face of a problem so vast and complex that even experts struggle to comprehend its scale. That powerlessness can quickly translate itself into frustration and anger which make effective action even harder to identify and achieve.

Bridging the Gap helps us to answer precisely this question. It encourages us to think theologically about economic inequality and provides some important theological tools in so doing. It points to concrete actions that the Church can take locally or regionally and offers examples of congregations who have made a difference. And it encourages the churches to be much more coherent and united as we speak into the public square and make the case for a changed economic model.

Once when I was a parish priest I travelled to Wandsworth. With some time on my hands I walked across the Common where a group of well-spoken, white prep-school boys in immaculately creased PE kits were playing cricket in the sunshine to the sound of birdsong and in air scented by freshly-mown grass and the flora of late Spring. From there I went into Wandsworth prison, a place where nothing grows, where natural light is banished by thick walls, where the only smells are fear and sweat and where we dump a disproportionately BAME prison population, most of whom have been brought up in poverty against a backdrop of abuse, family breakdown and mental ill-health. The boys are being raised for power. The prisoners never had a chance. It was a vignette of the social and economic inequality that blights us.

Then that night I celebrated the Eucharist. Rich and poor, black and white, young and old, powerful and disempowered sat in the same building, attended to the same scriptures and received the same gift: salvation itself ministered through the bread and wine which is the physical presence of Him who raises fallen human life to the glory of eternity. If we love the Jesus we meet in the Eucharist, then we are obliged to make a stand for the perfect dignity of every human person made in the likeness of God. If our worship is to be authentic, we must play our part in the struggle for equality.

Philip North
Bishop of Burnley
May 2020

Executive Summary

The UK, along with the rest of the world, faces an unprecedented economic crisis due to the COVID-19 pandemic. The spread of the coronavirus is exacerbating the inequalities that increasingly define the global economy, hitting the poorest the hardest. The UK already has one of the highest levels of income inequality in Europe, creating a range of social problems, and this situation may well get worse in the coming years. As we look to rebuild the economy, it is vital that we seize the opportunity to reduce inequalities of income and wealth.

High levels of economic inequality are not just economic or political problems. They are also deeply ethical and religious ones – as indicated by church leaders such as Pope Francis and Archbishop Justin Welby, both of whom have condemned economic inequality in stark terms. Churches have important, though often overlooked, roles to play in this discussion. The ideas they can offer will resonate with many people, regardless of their religion or belief.

This report considers the distinctive contributions UK churches are making in response to economic inequality, which will be increasingly important in the challenging times ahead.

What is the extent of economic inequality in the UK today?

Chapter 1 considers the extent of economic inequality in the UK today. It notes, for example, that:

- The UK has one of the highest levels of income inequality in Europe and in the OECD.[1]
- UK income inequality rose considerably in the 1980s and has stayed at a high level since the early 1990s.[2]

- Households in the highest income brackets receive a disproportionate share of total disposable income in the UK. In 2017/18, the top 20% of households in terms of income received nearly half of the total share, while the bottom 20% received less than a tenth.[3]
- Wealth is even more unequally spread than income. The wealthiest 10% of households own 45% of the country's wealth.[4]

Understanding the problem

Chapter 1 explores the main objections to economic inequality, which generally fall into two camps: concerns around fairness and concerns around consequences.

Regarding consequences, empirical studies have argued that in wealthy countries, a number of negative outcomes arise as a result of increasing levels of economic inequality:

- Reduced social mobility and equality of opportunity
- Proliferation of a variety of health, educational, criminal and other social problems
- Reduced levels of trust (in people, institutions, and in the benefits of democracy and meritocracy)
- Weakened economic growth
- Accelerated climate change

Economists and social scientists continue to debate these issues – in particular, about whether or not economic inequality is good or bad for growth, and how exactly it might cause these negative social outcomes. Nonetheless, there are signs of growing convergence among people across the political spectrum that today's levels of economic inequality are indeed a problem – though there remains considerable debate about what the state should do about it.

The standard, secular objections to economic inequality are limited, however. They share the same problematic assumptions which underpin our economy more widely, and which have encouraged people to prioritise their own interests over the interests of others – including that humans are essentially atomistic individuals, and that ultimately it is better for people to have more wealth than less. They also assume that the goal of reducing inequality, and the goal of the economy more widely, should be to maximise individuals' quality of life. This is important but not a sufficient view of what the purpose of the economy should be.

These assumptions have helped to drive economic inequality itself, and must be challenged if we are truly to tackle it.

What does theology have to offer?

Chapter 2 shows that Christian theology gives us useful language to go beyond the main secular objections to economic inequality. It offers a wider view of what the economy should be for – one which works to help each person become ever more loving and other-orientated, bound together in self-giving relationships.

The Biblical vision of economic justice is based on the belief in the spiritual equality of all people. It does not point directly to any particular economic system, or self-evidently require the pursuit of economic equality. However, there is clearly a sense among the leaders of UK churches that today's levels of economic inequality are excessive and incompatible with the Biblical vision. A strong theological case can be made against excessive economic inequality, on the grounds that it:

— Undermines the common good and human solidarity

— Encourages sin

— Masks the truth about human worth

What are churches doing practically?

UK churches remain primarily concerned with the alleviation of poverty, but as Chapter 3 shows, they are helping to tackle economic inequality in various ways, including:

— As a national voice in the public square: sometimes churches have issued corporate statements criticising economic inequality, but more often their interventions in the public debate have been through high-profile statements of individual leaders.

— As convenors of initiatives which organise and empower people to respond to inequality locally: prominent examples include local churches' involvement in Poverty Truth Commissions and the community organising movement Citizens UK.

— As shareholders, investors and consumers: church investing bodies are pressuring companies to pay a fair amount of tax, to publish their pay rations and move away from excessive bonus culture, and to transition to a low-carbon economy.

— As education providers: the Church of England and Catholic Church in particular have significant opportunities to help tackle inequality through their school networks, for example by embedding financial education in their curriculum. However, there is some evidence that faith-based admissions criteria may privilege wealthier parents over others, which may affect poorer pupils' access to church schools.

Moving forwards

UK churches have clear opportunities to do more and become leading voices in this space. Drawing on their practical and theological resources, they can build on their existing efforts by:

- Challenging the problematic assumptions about human nature and society which underpin economic inequality, and advocating for an economy with a purpose beyond improving our individual well-being.
- Offering up a vision of how the economy could be recalibrated from one of exclusion and self-interest to one of hope.
- Issuing formal, institutional statements challenging today's levels of economic inequality.
- Actively looking for opportunities to tackle economic (and other) inequalities across the range of their activities, at national and local levels.
- Doing more to publicise the good work they are already doing. Much of the action churches are already taking is relatively unknown.
- Undertaking more research on the roles of Christians and churches in responding to economic inequality, including how effective their actions have been at tackling it.

— Continuing to challenge themselves, working ceaselessly to model within their own congregations a vision of a society where barriers are broken down, and the equal worth of all is declared.

Ultimately, churches are well-placed to make important contributions to the public conversation about economic inequality. This will only become more vital as we rebuild the economy in the months and years ahead.

1 According to the Gini coefficient – one of the most commonly used indicators of income or wealth inequality.

2 In 2017/18, the UK scored 0.34 on the Gini coefficient based on income before housing costs. After housing costs, the figure was 0.39. Feargal McGuinness and Daniel Harari, *Income Inequality in the UK* (House of Commons Briefing 7484, 2019), p. 10. https://commonslibrary.parliament.uk/research-briefings/cbp-7484/https://commonslibrary.parliament.uk/research-briefings/cbp-7484/

3 The income share was 42% to 7% respectively before housing costs are taken into account. After housing costs, the income share was 44% to 5% respectively. These figures come from the Family Resources Survey; the Living Costs and Food Survey gives slightly different figures. Ibid, p. 14.

4 Carys Roberts and Mathew Lawrence, *Wealth in the Twenty-first Century: Inequalities and Drivers IPPR Commission on Economic Justice* (London: IPPR, 2017), pp. 6-14. https://www.ippr.org/files/2017-10/cej-wealth-in-the-21st-century-october-2017.pdf

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Introduction

In 2014, a tweet by Pope Francis made global headlines: "Inequality is the root of social evil."[1] In his encyclical *Evangelii Gaudium*, published the previous year, he had argued that levels of economic inequality globally led to the exploitation and exclusion of the poor from society, and were the source of violent reaction from them. Meanwhile the "idolatry of money" concentrated power in the hands of a wealthy few, creating a "new tyranny… invisible and often virtual, which unilaterally and relentlessly imposes its own laws and rules".[2] Other global and national church leaders have expressed similar sentiments. In particular, Justin Welby, the Archbishop of Canterbury, has described economic inequality as "the most destabilizing and unjust feature of our own society".[3]

> **The Archbishop of Canterbury has described economic inequality as "the most destabilizing and unjust feature of our own society."**

In the UK, levels of income and wealth inequality are higher today than they were in the 1980s, and now we have one of the highest levels of income inequality in Europe.[4] There is a growing body of social scientific evidence showing why this is a problem for society, and the situation is unlikely to improve in the near future. Indeed, at the time of writing, the country (in common with the rest of the world) faces monumental long-term economic turmoil as we battle the spread of COVID-19. Already the spread of the coronavirus has highlighted many of the imbalances that increasingly define the global economy. In March 2020, it was reported that 140,000 people had been made redundant within the first two days of the lockdown in Ireland alone.[5] Later that month, the International Labour

Organization estimated that over 25 million people globally could lose their jobs.[6] Yet this storm will be easier to weather for those with secure assets, steady employment, and jobs that can be continued remotely; it will hit hardest those in unstable accommodation, short-term employment, or low paid work. So too, the response by the UK government, amounting to an economic intervention described by the Chancellor as “unprecedented in the history of the British state”, will have its own impact on the balance of the economy moving forward.[7] We can be sure that the issues surrounding economic inequality – and in the most dramatic scenarios, decisions about how we should recalibrate our economy entirely – will continue to dominate public and political debate as the country recovers.[8]

It is therefore the right time to re-examine the problem of economic inequality in the UK. But why high levels of inequality matter, and what should be done about them, are not just economic or political issues; rather, as Pope Francis and Archbishop Welby indicate, they are also deeply ethical, existential and even religious ones.

This report offers an introductory exploration of the problem of economic inequality as a religious issue. Its central question is: what distinctive contributions can UK churches make to this debate? It argues that they can provide a framework for understanding both the purpose of the economy and why high levels of economic inequality are a problem, going beyond the main secular criticisms of inequality and the usual divisions of left and right. They can also help to tackle the drivers and consequences of economic inequality in the UK. It is well-known that the churches do a huge amount of work to address poverty; less is known about how, and the extent to which, they are responding to the unequal distribution of income and wealth. The second part of the report explores the various practical contributions the churches are making here.

Chapter 1 describes the extent of economic inequality in the UK, its drivers, and the growing body of evidence about its problematic consequences. It also shows the limitations of the usual secular objections to high levels of inequality. Chapter 2 moves beyond these arguments, exploring some of the ways in which Christian theology can help us think about the issue. It highlights the potential for making a theological objection to excessive economic inequality. Chapter 3 takes a practical approach, examining various ways in which churches as institutions are helping to tackle economic inequality, at national and local levels. In future work, we hope to expand on this initial research in more detail.

Unless otherwise stated, in this report ‘economic inequality’ refers to both inequalities of income (including money received from employment and other sources) and of wealth (meaning the total amount of assets, including savings, stocks and property, an individual or household has).

1 Andrew Brown, 'Pope Francis condemns inequality, thus refusing to play the game', The Guardian, 28 April 2014. https://www.theguardian.com/commentisfree/2014/apr/28/pope-francis-condemns-inequality-john-paul

2 Pope Francis, *Evangelii Gaudium* (2013) paras. 55-60. http://www.vatican.va/content/francesco/en/apost_exhortations/documents/papa-francesco_esortazione-ap_20131124_evangelii-gaudium.html

3 Justin Welby, *Reimagining Britain: Foundations for Hope* (London: Bloomsbury, 2018) p. 14; see also Welby, *Dethroning Mammon: Making Money Serve Grace* (London: Bloomsbury, 2016), pp. 27; 110.

4 See Chapter 1.

5 Rachael O'Connor, '140,000 people in Ireland lose their jobs due to coronavirus crisis forcing businesses to close', *Irish Post*, 16 March 2020. https://www.irishpost.com/news/140000-people-ireland-lose-jobs-due-coronavirus-crisis-forcing-businesses-close-181717

6 Stephanie Nebehay, 'Coronavirus crisis could destroy far more than 25 million jobs - ILO official', *Reuters*, 26 March 2020. https://uk.reuters.com/article/uk-health-coronavirus-unemployment-exclu/exclusive-coronavirus-crisis-could-destroy-far-more-than-25-million-jobs-ilo-official-idUKKBN21D2M

7 Rishi Sunak, 'The Chancellor Rishi Sunak provides an updated statement on coronavirus', 20 March 2020. https://www.gov.uk/government/speeches/the-chancellor-rishi-sunak-provides-an-updated-statement-on-coronavirus

8 For a discussion of the economic impact of the pandemic at the time of writing, see Jack Leslie, 'The economic effects of coronavirus in the UK', Resolution Foundation, 3 April 2020. https://www.resolutionfoundation.org/publications/the-economic-effects-of-coronavirus-in-the-uk/

Economic inequality in the UK

There is a widespread sense among the British public that economic inequality today is a problem. A survey in 2017 found that 57% of people thought the government should do more to reduce wealth inequality and only 5% thought it should do less. Only 4% considered it will decline in the next ten years and 37% considered it will increase. Meanwhile, 74% thought that 18-24 year olds today will have less wealth than previous generations.[1] Most people also think that inequality of pay within organisations is too high: according to a survey in 2015, 71% of UK employees thought that CEO pay levels in the UK were too high, with 38% thinking their own boss' remuneration was not in line with the organisation's performance.[2] Indeed, the Select Committee on Corporate Governance concluded in 2017 that "too often pay awards appear impossible to justify in relation to performance and when set against pay levels lower down".[3]

These statistics show that it is not just poverty which we find morally objectionable – though the extent of this in the UK has also been described as "a social calamity and an economic disaster" by the United Nations' Special Rapporteur on extreme poverty and human rights.[4] In 2015/16, a fifth of adults and nearly a third of children were classed as living in relative poverty (meaning their household had less than 60% of the median income).[5]

This chapter outlines the scale of economic inequality in the UK, before setting out the main objections to it, which arise from empirical studies of its problematic consequences and philosophical reasoning about its fairness. It also shows how these (secular) arguments, though important, are to a certain extent limited; Chapter 2 helps us move beyond them.

The extent of economic inequality in the UK

What does the picture look like today?

Income inequality

- The UK has one of the highest levels of income inequality in Europe and in the OECD, according to the Gini coefficient. This is one of the most commonly used indicators of income or wealth inequality, where 0 indicates total equality and 1 total inequality. By this measure, UK income inequality rose considerably in the 1980s but since the early 1990s has been more stable though high. In 2017/18, following a small fall after the recession, the UK scored 0.34 on the Gini coefficient based on income before housing costs.[6]

- Households in the highest income brackets receive a disproportionate share of total disposable income in the UK. In 2017/18, the top 20% of households in terms of income received nearly half of the total share, while the bottom 20% received less than a tenth.[7]

- The top 1% of households in terms of income received 8% of the total disposable household income (before housing costs) in 2017 – a rise from 3% in the late 1970s. This is partly due to a huge rise in work earnings among people at the top of the distribution (executive pay packages), while earnings have stagnated among people towards the bottom. In 2017, the top tenth of households in terms of income earned about 40% more

> UK income inequality rose considerably in the 1980s but since the early 1990s has been more stable though high.

than they did in the mid-1990s, whereas the lowest tenth earned just 5% more.[8]

- In 2017, the average CEO pay among FTSE 100 companies in the UK was 145 times higher than the salary of the average worker, up from 47 times in 1998.[9]
- There is major regional economic inequality across the UK. Full-time employees in London earn about two-thirds more a week than those in the North East (though Londoners also face higher living costs).[10]

> **In 2017, the average CEO pay among FTSE 100 companies in the UK was 145 times higher than the salary of the average worker.**

Wealth inequality

- Wealth is even more unequally spread than income. The wealthiest 10% of households own 45% of the country's wealth, but the least wealthy half of all households own only 9%. The share of wealth owned by the richest 10% and 1% of households has been increasing since the 1980s.[11]
- Wealth inequality between generations has risen sharply, and every generation since the 'baby boomers' now has less wealth than the generation before them had at the same age.[12]
- Internationally, the UK's level of wealth inequality sits in the middle of OECD countries.[13]

It should be noted that the figures on income or wealth inequality need to be treated cautiously, since different methodologies produce different estimations of a household's income or wealth. There is also disagreement among economists about exactly how far income or wealth inequality has risen since the 1960s in the USA and Europe.[14]

Nonetheless, the overall picture is clear: levels of economic inequality in the UK are higher than they were in the 1970s. Moreover, in 2019 both the Institute for Fiscal Studies (IFS) and the Resolution Foundation projected that UK income inequality will continue to rise over the next few years (these predictions were made before the impact of the coronavirus pandemic).[15]

What is behind these trends? The Institute for Public Policy Research (IPPR) and the IFS set out the range of market, technological and policy factors that are driving economic inequality. For example, there has been a long-term shift from manufacturing to services, which has detrimentally affected some regions more than others. Executives have been able to secure increasingly high levels of pay, as a result of various factors including weak remuneration committees and global competition for top CEOs. Meanwhile, wage stagnation for many workers has made it harder for them to accumulate wealth. Factors like labour market casualisation, increased outsourcing and decline in union membership have reduced workers' abilities to negotiate higher wages. In terms of wealth inequality, levels of homeownership have declined and house prices have risen, accelerating inequality between those who own a home and those who do not. More widely, the rate of returns to capital has exceeded the rate of economic growth, benefitting the richest households, which have disproportionate ownership of capital.[16]

Government choices in the long and short-terms on factors like regulation, tax, housing and welfare can also drive inequalities. The IPPR argues that trends in the taxation of wealth, such as changes to inheritance tax, have benefitted wealthier households. Meanwhile, as the IFS shows, since the financial crash middle-income households have benefitted more than those at the top or bottom from a growth in earnings (driven by an increasing employment rate), but benefit cuts have held back the income growth of lower-income households.[17]

The problem of economic inequality

It is not just the scale of today's levels of economic inequality which people find objectionable. The last decade has seen a burgeoning of analysis regarding the problematic consequences of economic inequality for society. Key arguments from this empirical research include that, in wealthy countries, as economic inequality rises:

> **Inequalities of outcome in one generation can undermine equality of opportunity for the next.**

— Social mobility and equality of opportunity are reduced. Mobility along the income distribution from one generation to the next is lower in countries where income inequality is higher.[18] Children of richer parents start with greater financial security than children of poorer parents, and often have greater access to opportunities that further embed their advantages – particularly in terms of accessing good schools.[19] Resultant educational inequalities further drive economic inequalities. 'Stickiness' at both ends of the income distribution mean the children of richer parents are more likely to remain rich, and children of poorer parents more likely to remain poor.[20] As such inequalities of outcome in one generation can undermine equality of opportunity for the next.[21]

- **Various health, educational, criminal and other social problems proliferate.** For example, wealthy countries with high income inequality tend to have lower life expectancy, poorer mental health, higher rates of homicide, and lower educational attainment than wealthy countries with lower inequality.[22]
- **Levels of trust are undermined.** This not only includes trust in other people and in institutions, but also trust in the benefits of democracy and meritocracy.[23]
- **Economic growth is weaker.** Some studies claim that less equal countries tend to have lower economic growth (this is discussed below).
- **Climate change is exacerbated.** Issues which drive economic inequality, such as corporate short-termism, may discourage companies from investing in sustainable production practices and complying with environmental regulations. Climate change is also exacerbating the gap between richer and poorer countries.[24]

These arguments have been extensively discussed by economists and social scientists and remain hotly debated. For example, a major international research project, *Growing Inequalities' Impact – GINI*, found that higher levels of income inequality are associated with lower support for democracy, lower intergenerational mobility, and (in rich countries) lower levels of self-assessed health, but found less evidence for a relationship between income inequality and interpersonal trust levels.[25] Other studies, however, have concluded there is such a relationship between income inequality and trust.[26]

Many of these studies are based on identifying correlations between factors. Demonstrating causality is harder, particularly in cross-country studies where the contexts between countries may vary greatly. It is also difficult to determine the possible mechanisms by which economic inequality could produce these impacts. For example, the negative impact of inequality on health and social outcomes in wealthy countries was brought into popular consciousness by Richard Wilkinson and Kate Pickett in their best-selling book *The Spirit Level* (2009), and its sequel *The Inner Level* (2018).[27] Wilkinson and Pickett, and others such as Eric Brunner and Michael Marmot, suggest a psychosocial mechanism between health and inequality, where the perception of being lower in status than others in an unequal society leads to anxiety and health problems.[28] Crucially, they argue that this status anxiety persists across the socioeconomic gradient, meaning that the reduction of economic inequality would be better for everyone, not just the poor.[29] Other researchers have suggested different mechanisms. The "neo-materialist" view, for instance, emphasises issues such as the level and distribution of resources in society as being a more important link between inequality and healthcare outcomes.[30] Analysis for the *GINI* research project did find evidence that higher income inequality is associated with a higher level of status anxiety across the income distribution.[31]

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> **The perception of being lower in status than others in an unequal society leads to anxiety and health problems.**

Other objections to economic inequality are rooted in moral argumentation rather than in empirical analysis of its practical impact. In his book *Why Does Inequality Matter?* (2018), Thomas Scanlon shows we find economic inequalities problematic if they lead to unfair consequences or derive from unfair processes.[32] Of course, what is considered 'fair' varies from person to person. We make different assessments about the fairness of inequalities if they are caused by people's own choices and responsibility, effort and talent (merit), or factors outside of their control (luck or lack of it). For example, we differ in how fair we think it is that executives are often paid far more than their employees, or that some people are hugely wealthy because of inheritance, not because of work.

One way to help us assess the fairness of inequalities is to test them against a starting principle of justice. Scanlon suggests a principle whereby inequalities are justified only if they cannot be eliminated without infringing important personal liberties, or if they are in everyone's interest.[33] This is a weaker version of John Rawls' highly influential "Difference Principle": inequalities are unacceptable unless "they result in compensating benefits for everyone, and in particular for the least advantaged members of society".[34] Notably, not all economic inequalities would be deemed unjust under either of these principles. However, some Rawlsian philosophers have argued that today's levels of economic inequality are so high that they violate another of Rawls' core principles: that to be just, a society must accord everyone equal basic rights and liberties, including political liberties. Current levels of inequality undermine this by giving the wealthiest "vastly more influence over the political process than other citizens".[35] As such, economic inequality today undermines the basic political equality that democracy depends upon.

Debates about economic inequality

There are, however, considerable debates about these issues. Not everyone thinks that high levels of economic inequality are a cause for concern. Some economists argue that economic inequality is important for economic growth, by generating incentives to work and invest money, and that attempts to reduce inequality through greater state-led redistribution can damage growth. Therefore, governments have a trade-off to make between equality and growth.[36] However, there is a growing body of research which reaches different conclusions. For example, an OECD analysis concludes that increases in income inequality lead to falls in growth, partly because people on lower incomes have less to invest in education, with negative effects on productivity and social mobility.[37] A recent review of the competing economic evidence concludes that, on balance, economic growth may be damaged in different ways by *both* very high and very low levels of income inequality – a position in between might be optimum for growth. It also finds that in the past 50 years, high income inequality in the UK has been associated with high levels of relative poverty, and that tackling poverty is hard to do without also reducing inequalities. Moreover, tackling one can help tackle the other ("a double dividend").[38]

> **Economic inequality today undermines the basic political equality that democracy depends upon.**

However, some critics of the pursuit of economic equality argue that it actually distracts from the reduction of poverty. The economist Philip Booth describes himself as "entirely uninterested in the issue of inequality", emphasising instead the need to reduce poverty through the dynamics of the free market.[39] The moral philosopher Harry Frankfurt proposes a principle of "sufficiency" – what matters is "not that everyone should have the *same* but that each should have *enough*".[40] For Frankfurt, great inequality is undesirable, but our main priority should be to end poverty.[41] Other commentators, meanwhile, argue that for the state to pursue greater equality of outcome through further redistribution is an unacceptable interference with individual liberty – with some (such as the libertarian theorist Robert Nozick) going so far as to reject the permissibility of any redistributive taxation on these grounds.[42] Yet those who support greater action to reduce economic inequality have pushed back against these claims. Some have argued that both poverty and inequality are an affront to human dignity which must be tackled together; and as we have seen, some philosophers (following Rawls) argue that it is inequality itself which can endanger liberty.[43]

> **Even among those who agree that today's levels of economic inequality are problematic, there is considerable debate about how best to respond to it.**

Finally, even among those who agree that today's levels of economic inequality are problematic, there is considerable debate about how best to respond to it, and in recent years there have been numerous proposals from economists, commentators and commissions about what actions the state should take.[44] This issue is an especially divisive one, and whether the state should focus solely on pursuing greater equality of opportunity (correcting unfair processes so everyone has an equal starting point), or whether it should also pursue greater equality of outcome, has traditionally been seen as a dividing line in politics. But as the economist and theologian Mary Hirschfeld points out, too often this debate has a "Manichean quality" where the opposing view is presented as driven only by selfishness or naivety, rather than as trying to advocate for something we value in society. She insists rightly on the importance of recognising the "genuine goods that people formed by the competing narrative are genuinely seeking".[45]

Nonetheless, there are signs of growing convergence among people across the political spectrum in the UK that today's levels of economic inequality are indeed a problem, even if there is not agreement about what to do about it. The Labour Party made the tackling of inequalities (including economic ones) a core priority in its 2019 General Election campaign,[46] while on the political right there are also some figures who are calling for more action to reduce economic inequality. Notably, in January 2020 Tim Pitt, former Treasury advisor to Sajid Javid and Philip Hammond, published a paper arguing that there are historical precedents for Conservative drives to reduce economic inequality, and that Conservatives today should be concerned about its impact on social mobility, equality of opportunity and political stability. He suggested that the Conservative Party has a political as well as a moral interest in this, since the 2019 General Election shifted its voter base "towards people who are relatively less well-off", and who are likely to want to see it take further action to reduce economic inequality.[47] In this time of political realignments and likely long-term economic upheaval, we may well see a rise in such calls from voices across the political spectrum.

Conclusion

The growing body of research on the negative consequences of income and wealth inequalities confirms the intuition that many people have – that today's levels of inequality are harmfully out of control. Debate about the precise causal connections between economic inequality and social ills continues, but the overall weight of research is quite clear that current levels of inequality in the UK are a problem for society on a number of levels. The *GINI* project was particularly concerned about the political impact of economic inequality, arguing that it "poses substantial dangers to democracy and openness in national political life".[48] As we have seen, there are also strong philosophical objections to inequality, rooted in concepts of fairness.

Yet both consequentialist arguments and those derived from principles of fairness are limited to a certain extent. As Hirschfeld argues, standard criticisms of economic inequality (and of capitalism more widely) tend to share the same basic assumptions about human nature and society as those arguments which defend capitalism as liberating. These are that, firstly, humans are essentially atomistic individuals; and secondly, all else being equal, it is better for people to have more wealth than less. Hirschfeld argues these assumptions underpin Rawls' concept of society (which is based on rational individuals cooperating in society out of their own self-interest). We can also see them behind criticisms of economic inequality based on its negative social consequences. Hirschfeld argues that these assumptions help to drive inequality, by pushing people to prioritise their own interests and the pursuit of wealth and status over the interests of others. By holding these unexamined assumptions,

> **Standard criticisms of economic inequality are underpinned by problematic assumptions about human nature and society, which actually help to drive inequality.**

even those who criticise economic inequality may be reinforcing the factors that contribute to it.[49]

The consequentialist arguments against inequality share a particular view of why it should be reduced: the goal is to maximise the quality of life, including the happiness, of every individual. This understanding of society is one that most of us share and aspire to create. However, it leaves important questions begging – in particular what actually constitutes quality of life and happiness – and again smuggles in the view that we operate in society as individuals. Working towards improving everyone's quality of life is important, but we should be willing to challenge assumptions about what a good quality of life is, and to draw attention to the point that we do not flourish as individuals, but as persons-in-relationship. We should want to work towards a society defined not by people focused primarily on their own well-being, but by people who are other-orientated, and characterised by love.

"Working towards improving everyone's quality of life is important, but we should be willing to challenge assumptions about what a good quality of life is.

It is here that Christianity has an important role to play. The next chapter turns, therefore, to Christian theology, to examine how it goes beyond the secular arguments against economic inequality, and helps us to understand more deeply why this is an issue we should all care about.

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7 After housing costs, the income share was 44% to 5% respectively. The income share was 42% to 7% respectively before housing costs are taken into account. After housing costs, the income share was 44% to 5% respectively. These figures come from the Family Resources Survey; the Living Costs and Food Survey gives slightly different figures. See McGuinness and Harari, *Income Inequality*, p. 14.

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2
Responding to inequality theologically

Christian theology has distinctive contributions to make to debates about economic inequality. It challenges the problematic assumptions that Hirschfeld identifies as underpinning the main secular objections to inequality. It helps us to diagnose the problem: the huge rise in economic inequality in the last few decades is driven not only by changes in the market, technological change or policy decisions, but also by cultural change facilitating the human tendency towards selfishness.[1] It insists that society and the economy should have a purpose that not only works to improve everyone's quality of life, but goes beyond this to help all flourish through self-giving relationships.

This chapter examines some of the ways that theology can help us think about economic inequality. It sets out key Biblical principles concerning equality and economic justice, before introducing some of the diverse ways in which they have been applied to the issue of economic inequality in modern times. Finally, it sets out three examples of specifically theological criticisms that can be made against today's levels of inequality.

Theological Foundations

Christian theology provides strong foundations for a belief in the *spiritual* equality of all humans, perhaps most powerfully expressed through the Biblical principle that we are made "in the image of God" (Genesis 1:26-27). All humans share this common nature and origin, pointing to their innate equality with each other. This equality is not dependent on our capacity to manage certain activities, or even on our rational agency

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> Christian theology provides strong foundations for a belief in the spiritual equality of all humans.

(which not all of us possess to the same level), but is innate and gifted to us by God.[2]

So too, spiritual equality is indicated by Christ's death and resurrection, in which all people are shown to be equal recipients of God's love and all are offered equally the gift of salvation. St Paul famously insisted that through faith in Christ, old divisions of Jew or Greek, slave or free, male or female are overcome (Galatians 3:28).

What, though, is the relationship between spiritual and economic equality?

Jesus's ministry gives some clues. Repeatedly he overturned hierarchies of status, purity, race and gender by welcoming, eating with and healing social outcasts and despised foreigners. When instituting the command to love one's neighbour as oneself, he used the Parable of the Good Samaritan to show that one's neighbour is anyone (and thus everyone) in need of care (Luke 10:25-37). Jesus was strongly concerned with the welfare of the poor, who he called "blessed" and said they would receive the kingdom of God (Luke 6:20). He began his ministry by presenting himself as the liberator of the poor and oppressed, the culmination of the Exodus narrative of liberation (Luke 4:18). At the same time, he gave stark warnings about the dangers of riches, which fail to satisfy and can distract us from our true calling: "You cannot serve God and Mammon" (Luke 16:13). This suggests a concern with the economic extremes.

The Acts of the Apostles describes the Jerusalem Church as marked by a radical sharing and equality: "All the believers were together and had everything in common. They sold property and possessions to give to anyone who had need" (Acts 2:44-45). Paul also urged prosperous Gentile churches to raise funds for the Jerusalem Church, not only to relieve the latter's poverty but also "that there might be equality" between the communities to help them grow in fellowship (2 Corinthians 8:13).

A belief in spiritual equality does not self-evidently necessitate a belief in economic equality, nor point directly to one particular economic system.

However, the early Church expected Jesus to return imminently and their approach was assumed to be a short-term arrangement, not necessarily an indictment of private property. Moreover, while Jesus is clear that we must not allow money to be our master, his statements on wealth do not, at least at face value, form a cohesive set of economic laws. A belief in spiritual equality does not self-evidently necessitate a belief in economic equality, nor point directly to one particular economic system.

Nonetheless, the Bible has much to say about economic justice. This starts with the premise that God wants us to act in economic life in the same way as all areas of life – treating people in a loving and fair way that enables everyone to flourish. Justice is a communal responsibility, requiring the restoration of relationships.[3] This underpins a number of key economic Biblical principles, such as the fair distribution of rights and resources, and the procedures that determine how decisions are made, resources are allocated or disputes resolved.[4]

Caring for the least favoured in society is a fundamental criterion for achieving justice in the Old Testament. The Torah established economic laws to ensure that everyone capable of working had access to work that was paid well enough that their families could flourish.[5] Those without land and the means to provide for themselves (such as the poor, foreigners, orphans, widows and the disabled) received special treatment (Leviticus 25:35-37). Every seven years, debts were to be cancelled and Israelite slaves freed (Deuteronomy 15). The same would happen every fifty years (the year of the Jubilee), when land would be returned to the family group to which it had originally been entrusted (Leviticus 25). This was an important mechanism for controlling long-term economic inequality between the rich and the poor.[6]

Different commentators draw out different emphases in their understanding of Biblical economic justice. Andrew Hartropp emphasises that economic justice is rooted in the very character of God; it means treating people appropriately according to God's norms, including accepting our mutual responsibilities and obligations in our reciprocal economic relationships. Calum Samuelson, meanwhile, stresses the principles of dignity and reward alongside the principle of justice running through the Torah's economic framework. For Hartropp and Samuelson, Biblical economic justice does not demand equality of resources, but rather that everyone should have *enough* and should share in God's blessings – akin to Frankfurt's "sufficiency" position (see Chapter 1).[7] Others have drawn quite different conclusions from Scripture. Hirschfeld, for example, thinks that there are few Biblical teachings explicitly exhorting us to work towards a more equal distribution of wealth, but that the underlying message is clearly "that excessive inequality is problematic".[8]

Competing visions of the market and economic inequality in the twentieth century

Our brief analysis of Biblical principles shows that economic choices are understood as moral ones, and the economy is seen as being about more than just enabling people to earn a living and improve their quality of life (thus going beyond the assumptions of some of the secular positions we saw in Chapter 1). Rather, the purpose of the economy is also to help every person flourish by becoming other-orientated and ever more loving, bound together through relationships of reciprocity and generosity.

Beyond this, though, the implications of this vision for today's vastly different context of a global market economy are hard to discern. Supporters of very different economic systems have thus found justification for their approach in Christianity.

> **Supporters of very different economic systems have found justification for their approach in Christianity.**

In the late nineteenth and early twentieth centuries, for example, some British Christians advocated various forms of Christian Socialism, based firmly on their religious beliefs and reading of Scripture. They included Keir Hardie, the founder of the Labour Party, Richard H. Tawney, the economic historian, and William Temple, the Archbishop of Canterbury. Capitalism, and the individualistic competition underpinning it, was seen as sinful; and the inequalities of wealth and class it supported were, in Tawney's words, "an odious outrage on the image of God".[9] Their varying economic beliefs were rooted in their interpretations of Scripture. Temple described the early church as practising common ownership and "voluntary communism",[10] while Hardie described socialism as "the application to industry of the teachings contained in the Sermon on the Mount", which is "a consistent and powerful argument against property".[11] More recent liberation theologians like Gustavo Gutiérrez and Leonardo Boff combined Christian and Marxist thinking by insisting that the Church should work for the economic and political liberation of the poor.[12]

Yet opponents of socialism have also drawn on Christian principles. The Catholic Church, for example, has repeatedly denounced socialism out of concern that it would lead to totalitarianism and the loss of individual freedoms.[13] Leonard Nyirongo argues that Jesus was no socialist and was more concerned with "the state of the inner [human] than material equality".[14] Meanwhile, political theorist Anthony Williams suggests that the Christian Socialist claim of a universal spiritual brotherhood and sisterhood is critically flawed, noting in John 8:42-4 that Jesus says that those who oppose him cannot claim to have God as their Father.[15]

Christian tenets have also been applied to a positive defence of free-market capitalism. The Catholic philosopher Michael Novak, for example, argues that capitalism treats human sinfulness more realistically than socialism (by making the human tendency to self-interest productive rather than trying to eradicate it). He considers a free-market economy essential for maintaining democracy, since it limits a government's capacity to exert its will, and argues that the ubiquity of natural inequality in the world suggests that, contrary to egalitarian readings of Christianity, "God is not committed to equality of results".[16]

Most commonly, however, Christians have defended capitalism and business out of a concern to reduce poverty. As Kenman L. Wong and Scott B. Rae argue, "the only proven way to lift people out of economic poverty is to make the entire pie bigger by creating new financial resources. Currently the only known economic system that accomplishes this is market-based capitalism."[17] In this view, if capitalism reduces the moral scandal of poverty, then almost any resultant increase in inequality is a price worth paying.

> There is clearly a sense among the leaders of UK churches that levels of economic inequality are becoming increasingly unacceptable.

Theological criticisms of excessive economic inequality

In general, different Christian denominations in the UK today chart an economic middle way between socialism and free-market capitalism, drawing attention to persistent poverty and rising economic inequality while calling for capitalism's reformation. Their criticism has focused on *excessive* inequality, rather than inequality in general. There is clearly a sense among the leaders of UK churches that levels of economic inequality are becoming increasingly unacceptable.

Often Christians adopt the same criticisms of economic inequality as secular commentators, such as that it leads to negative social or political outcomes. But deeper objections to excessive inequality, rooted in core Christian ideas about the nature of humanity and society, can also be made. While there is no consensus about when inequalities of income or wealth become excessive, Christian thinking posits that the level of acceptable inequality is not a strictly economic or technical question, but a moral one.

From a growing field of Christian reflection on this issue, here we outline three major theological criteria for excessive economic inequality: whether it inhibits the Christian vision for society by undermining the common good and human solidarity; whether it encourages sin; and whether it masks the truth about human worth.[18]

Excessive inequality undermines the common good and human solidarity

The tenets of Catholic Social Teaching (CST) have often been employed to reflect on the social implications of extreme economic inequality. These principles include that all humans have equal dignity and worth before God; that humans are inherently social creatures and are part of one family; and that humans attain fulfilment through entering loving, self-giving relationships with each other.[19]

> **Pope Francis has strongly criticised the unjust consequences of inequality.**

CST is particularly concerned with poverty, with the Church seen as having a special duty to support and stand alongside the poor.[20] While this "preferential option for the poor" is framed primarily in terms of alleviating poverty, since the Second Vatican Council (1962-65) there has been greater concern with transforming social structures to bring about greater equality between classes and between the rich and the poor.[21] Some commentators have argued that CST has moved from acquiescence on economic inequality to advocating "relative equality" in relation to economic justice. CST is said to call for inequalities to be "held within a defined range set by moral limits", rather than for absolute equality.[22]

Recent popes have clearly believed that these moral limits are being breached. Pope Benedict XVI argued that increasing economic inequality undermines both democracy and the economy itself, by eroding "relationships of trust, dependability, and respect for rules".[23] As we saw in the Introduction, Pope Francis has strongly criticised the unjust consequences of inequality, having described today's "economy of exclusion and inequality" as one which "kills".[24] For Francis, simply ensuring that no one starves, and that everyone has enough, does not go far enough to redress these injustices.[25]

A number of commentators reflecting on economic inequality and CST have focused on the key concepts of the *common good* – defined as "the sum total of social conditions which allow people, either as groups or as individuals, to reach their fulfillment more fully and more easily"[26] – and *solidarity*, which is a firm commitment to pursue the common good, and an acceptance of the moral obligations to other people that arises from it.[27] Kenneth Himes, for example, argues that levels of inequality today create conditions that run counter to the flourishing of all and thus to the common good. Inequality also undermines solidarity: the richest are now able to isolate themselves from others, losing sight of their interdependence with, and responsibility for, others. They are able to opt out of participation in common life, while the poorest face barriers to participating in it freely.[28]

More cautiously, Paul Weithman considers that more evidence is needed to demonstrate beyond doubt the pernicious social consequences of economic inequality, so is reluctant to conclude that inequality clearly precludes solidarity.[29] Meanwhile, in a previous Theos report, Clifford Longley recognises CST's growing emphasis on economic inequality, but insists its primary focus remains the alleviation of poverty.[30]

Excessive inequality encourages sin

The argument that inequality breaks down solidarity can also be framed in terms of sin. Justin Thacker argues that societies with great economic inequalities engender the vice of pride in the rich, who become defensive of their wealth and less likely to help the poor to flourish: "Inequality fosters a zero sum mentality that says if I win, you lose, and if I lose, you win". Great inequality can also encourage the vice of envy among those on lower incomes, who may desire to adopt the lifestyle of the rich. Thacker considers this desire another trap for sin. It fails to recognise that "the rich, white, consumer, capitalist is also trapped in a cycle of destruction" and thus failing to flourish in the way God intends.[31] Rowan Williams describes this as a "toxic and unjust situation in which we, the prosperous, are less than human".[32] In this way, it can be argued that *everyone* should care about economic inequality, because it risks damaging everyone's spiritual health one way or another.

Everyone should care about economic inequality, because it risks damaging everyone's spiritual health one way or another.

Another way of framing this is to see excessive inequality as contributing to "structures of sin", as Pope Francis clearly does.[33] This is another CST concept, meaning frameworks and systems which perpetuate injustice. They are built by small acts (conscious or unconscious) of individual self-interest, with harmful consequences far beyond what any individual intended.[34] Decisions to award chief executives huge bonuses, while not paying employees a real living wage, for example, might contribute to these oppressive, ultimately sinful structures – regardless of the intention.

Excessive inequality masks the truth about human worth

Christian economic arguments tend to assume that political, social and economic structures should mirror the true nature of humanity and reflect God's priorities for the world; for example, the Church (and secular governments) should have a special preference for the poor.

This underpins the approach of the Ethical Investment Advisory Group (EIAG) – a group of businesspeople and theologians that produces theological guidance for the Church of England's National Investing Bodies (see Chapter 3). Its guidance on corporate executive remuneration declares that:

> *When material rewards become vastly unequal, it becomes harder for people to perceive the truth of equality before God since it is contradicted by their experience of the world... This is not just a spiritual trap for the rich: poorly remunerated people can become convinced that they are worthless in God's eyes because they feel worthless in the eyes of the world.*[35]

This is a Christian incarnation of Wilkinson and Pickett's argument in *The Spirit Level* and *The Inner Level* – that our view of ourselves is not only affected by our absolute economic position, but also by our position relative to others. Extreme economic inequality can hide humans' true worth from themselves, and this can affect everyone on the economic spectrum, blinding both the rich and the poor and encouraging them to see their value in terms of their material success.
The EIAG concludes that the Christian belief in the equality

of all before God "does not allow Christians to tolerate great inequalities in material well-being". Though Christians believe in using wealth to help the poor, this does not make "great wealth inequality" desirable – nor even "the accretion of great wealth" itself.[36]

> Christian theology adds something that is missing from the usual secular debates about economic inequality.

Conclusion

Christian theology adds something that is missing from the usual secular debates about economic inequality. It helps us to see that criticisms of inequality are impoverished if they are rooted ultimately in the same assumptions about human nature and society that have helped drive the inequality itself. Instead, we need to be able to pin our thinking about inequality on a much wider vision of what society and the economy should be for – one which is about transforming ourselves from self- to other-orientated beings. Christian theology gives us useful language for this. It also helps us to see that today's levels of inequality are damaging not only to the physical health of individuals and the political health of society, but also to the spiritual health of each person and the community as a whole.

This shift in Christian thinking towards a greater concern for economic inequality has been relatively recent and, as we have seen, not all Christian commentators in the UK support it. Nonetheless, leading figures in different UK denominations increasingly consider excessive economic inequality a major problem. We turn to the range of practical responses from the churches at an institutional level in the next chapter.

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3
Responding to inequality practically

The primary contribution that Christians and churches can make to helping tackle economic inequality is to challenge, repeatedly and vocally, the damaging assumptions that drive it, and to put forth the alternative vision for the economy which we have explored. In part this means modelling that vision within their local congregations. Churches and other faith institutions are among the few civil society organisations that are still able to bring together people from across economic and other divides. Where this happens (and it must be acknowledged that it does not happen in all churches), relationships are built between people who would not otherwise interact; their hidden assumptions about each other are challenged, and they are reminded that they are equal.

Yet there are other, practical ways in which churches are helping to challenge economic inequality. This chapter explores the distinctive contributions churches as institutions, at national and local levels, are making to tackle both drivers and consequences of economic inequality. While church action to care for the poor can help to tackle some of the effects of inequality (for example, by helping the poor to see their true worth), here we focus specifically on churches' contributions as: a national voice; convenors of local initiatives; shareholders and investors; and education providers.

> **The Church has a powerful platform from which to shape the public conversation around economic inequality.**

Churches as a national voice

The Church has a powerful platform from which to shape the public conversation around economic inequality. Perhaps the most tangible way is in the House of Lords where 26 Anglican bishops sit. Bishops in Parliament have repeatedly challenged underlying issues driving economic inequality as well as poverty. For example, in 2016, the Bishop of Portsmouth, Christopher Foster, urged the government to rethink proposals which narrowed the circumstances in which children could claim free school meals, while in 2019, the Bishop of Newcastle, Christine Hardman, expressed concern at the impact of Universal Credit roll outs within her diocese.[1] Only on occasion, however, have they talked explicitly about economic inequality itself – a notable example being when John Sentamu, the Archbishop of York, called attention to *The Spirit Level's* conclusions that income inequality leads to greater unhappiness.[2] At the same time, however, the presence of bishops in the Lords rarely affects the outcome of votes: of 806 divisions between 1999 and 2005, for instance, the Lord Bishops only affected the outcome three times.[3] On balance, then, episcopal influence in Parliament offers a relatively limited (albeit symbolic) form of public leadership for the Church.

More often, church leaders raise their voices outside formal political structures. We have seen that Pope Francis and Archbishop Justin Welby have spoken out in stark terms against economic inequality and its consequences, as has Cardinal Vincent Nichols and Archbishop Sentamu.[4] The latter made a particularly striking intervention in his book *On Rock or Sand?* (2015), where he described inequality as "evil" and called on church leaders to "act prophetically" as a "voice for the powerless".[5] Unsurprisingly, the book was welcomed by some and criticised by others, including by Christian commentators who disagreed with the economic analysis, or who thought that church leaders should remain neutral on such issues.[6]

Church leaders have also been involved in important economic inquiries. Welby was a member of the IPPR

Commission on Economic Justice, which in 2018 declared that "The UK economy is not working" and issued a plan for radical reform and the tackling of economic inequalities – including through major tax changes, to increase taxes on wealth.[7] He has also set up the Commission on Housing, Church and the Community, an Anglican initiative to examine how the Church can better respond to the housing crisis, itself a driver of inequality.[8] More widely, the leaders have spearheaded national initiatives to tackle drivers of poverty and inequality. Most famously, in 2013 Welby said that he aimed to "compete" Wonga, a payday loan provider, "out of existence", which led churches increasingly to promote affordable finance through the formation of credit unions (such as the ecumenical Churches Mutual Credit Union).[9] That said, when Wonga actually went into administration in 2018, the Church of England was urged to take on the company's loans but declined to do so.[10]

Beyond public statements from the leaders, some UK churches have made more corporate interventions about inequality in recent years. For example, the Catholic Bishops Conference of England and Wales has issued statements criticising economic inequality alongside poverty, and in 2016 the Conference of European Justice and Peace Commissions called on governments to take greater steps to reduce inequality through taxation and redistribution.[11] The Church of Scotland, which states on its website that reducing economic inequality is one of its main concerns, established a Special

Beyond public statements from the leaders, some UK churches have made more corporate interventions about inequality in recent years.

Commission on the Purposes of Economic Activity, which noted in 2012 that "severe economic inequalities undermine the bonds which hold societies together, and diminish us all".[12] Meanwhile, in 2015 the Church of England's College of Bishops issued a pastoral letter in which they blamed widening "material inequality" for rising polarisation and extremism in politics.[13] Other UK denominations have issued similar criticisms of inequality.[14]

However, the churches' corporate statements about economic inequality have tended to be piecemeal, or made as part of wider discussions of economic and social problems, rather than as formal declarations specifically about economic inequality. This is understandable, considering the divisions over how the state should respond to it. Nonetheless, some Christians are pushing their national churches to go further. In February 2020, a motion from the Leeds Diocesan Synod would have committed the Church of England's General Synod to call on the government and all political parties "to adopt an explicit policy of reducing the wealth gap between the rich and the poor and the disadvantages that flow from it". It was not debated, however, due to time constraints.[15]

Overall, the churches have been helping to drive the national conversation about justice in the economy. Sometimes this has been through corporate statements, but most of their influence has been through high-profile statements of individual leaders. It is also worth emphasising that recent church interventions on the economy have tended to focus more on poverty, even as church leaders become more concerned about inequality as well.

Churches as local convenors

In societies with high levels of economic inequality, people on lower incomes tend to participate less in civil society organisations and electoral politics, and feel they have less influence over political and economic decisions, than people on higher incomes. Empirical studies have shown that the gap in civic and political participation is greater in more unequal societies than in more equal ones.[16]

> **Many local churches play important roles in combatting problematic consequences of inequality, by bringing people together across the economic spectrum to work towards common goals.**

At a local level, many churches play important roles in combatting this problematic consequence of inequality, by bringing people together across the economic spectrum to work towards common goals. Sometimes church convening power resembles a consensus model as various local parties are brought together in discussion; at other times it has powered more adversarial activism.

Poverty Truth Commissions are a good example of consensus-based action with strong involvement from local churches. The first Commission was set up with support from the Church of Scotland in 2009, and since then there have been a number of Commissions across the country, often with involvement or support from local churches.[17] The Gateshead Poverty Truth Commission, for example, has been funded and supported by the Methodist Church.[18] A key feature of the Commissions is that residents with direct experience of poverty are appointed as Commissioners on an equal footing with other local stakeholders. This empowers those most affected by the issues and helps address inequalities of power, giving them a voice on practical issues of low pay, debt, access to credit and advice provision.

A number of Fairness Commissions have also emerged in recent years, usually set up by local authorities and sometimes with the involvement of church leaders – for instance, the York Fairness Commission (2011-12) benefitted from the patronage of Archbishop Sentamu.[19] These Commissions have a more specific focus on economic inequality and have largely succeeded in pushing their local authorities to see poverty and inequality reduction as a priority. However, an analysis showed that they have been more effective at tackling poverty than the underlying local drivers of income and wealth inequalities.[20]

Sometimes more adversarial, campaigning strategies are needed to push local stakeholders to tackle social and economic injustice. Many local churches are involved in the community organising movement Citizens UK, which is best known for starting the Living Wage Campaign. This campaign calls for all workers to be paid a wage that covers the real cost of living (not just the legal minimum), and there are now over 6,300 accredited Living Wage employers nationally.[21]

Each Citizens chapter consists of paying member institutions – most of which are faith groups, though schools, universities and trades unions are also members. This partnership of faith and other local institutions invests social action campaigns with significant moral clout and amplifies the impact churches can have on tackling issues like inequality. For example, St Anselm's Church, Southall, played a key role in pressurising Heathrow Airport to become a Living Wage employer. The church had airport cleaning staff in its congregation, and through its membership of Citizens UK was able to organise them for this ultimately successful campaign.[22]

The community organising model is both influenced by, and consonant with, a Christian vision of a healthy society. It understands power as residing in the strength of individual relationships, and seeks to give its members the necessary tools to identify their own challenges, goals and solutions. As Angus Ritchie notes, the model's focus on addressing inequalities of power, and the need to raise up leaders from poor communities, is also at "the very heart of the Christian Gospel", wherein "God chooses the people who experience injustice to bring it to an end".[23]

Churches as shareholders and investors

At an institutional level, churches are wealthy organisations and this gives them influence in the business world. At national and regional levels, major denominations use their influence as investors and shareholders actively to push for positive societal and environmental change.

Executive remuneration and corporate tax

The failure of companies to pay fair taxation is a major driver of economic inequality. Within companies, inequality is also exacerbated by high pay and bonuses for executives, far above the average pay for the workforce. At a national level, churches have used their position as investors to push companies to pay fairer tax and more reasonable executive remuneration. For example, from January to June 2019, the Church Commissioners (one of the Church of England's National Investing Bodies [NIBs]) voted against the re-election of the Chair of the Board at four companies out of concern about aggressive tax planning.[24] In the same period, the Commissioners voted on 286 compensation resolutions on UK executive remuneration reports and did not support 79% of them. This was out of concern for the size of executive bonuses, or the failure of companies to disclose pay ratios between executives and the rest of the workforce (as demanded by the UK government and the Investment Association in 2018).[25]

Denominations often work together on these issues through alliances like the Church Investors Group (CIG). CIG members are committed to vote against company chairs and remuneration reports where there is lack of tax transparency, unpublished pay ratios, no gender diversity on the boards, or excessive short-term bonuses for executives. They are also committed to challenging in-company inequality from the bottom (low pay) as well as the top (executive remuneration).[26]

> **At a national level, churches have used their position as investors to push companies to pay fairer tax and more reasonable executive remuneration.**

The actions of the church investing bodies have theological underpinnings. The Methodist Church's main investing body, the Central Finance Board, receives ethical and theological advice from the Joint Advisory Committee on the Ethics of Investment (JACEI). The JACEI argues that the Bible makes clear that tax plays an important role "in creating a more just society and in establishing correct relationships".[27] Thus the Methodist Church says that taxes should be seen as "a contribution to the common good". Certain tax avoidance strategies fail to abide by the spirit of the law and thus "push the goal of a just society further from our grasp".[28]

The Church of England's Ethical Investment Advisory Group (EIAG) argues that high levels of pay for executives can be justified to reward their contributions and to create incentives for people to take on significant responsibility, for the good of society. But it insists that higher compensation must be linked reasonably to greater contribution, skills and responsibility. Moreover, as seen in Chapter 2, the EIAG argues that Christians should challenge huge gaps in pay and wealth on grounds of their "fundamental belief in the equality of all before God".[29]

It is important not to overstate the effectiveness of church shareholder activism. Often, church investing bodies are on the losing side of resolutions that are not supported by companies' management. In practice, their ability to curb problematic tax or remuneration practices is limited. Where churches cannot change a company's behaviour through shareholder engagement, it is questionable whether they should continue to hold shares in that company. But their dissenting votes are significant symbolic gestures, and symbolism matters. They bring the churches' moral clout to bear on these companies and exert public pressure on them. Moreover, by challenging companies on their tax and pay, churches are making an important statement about the purpose of business. Business should not just be about serving the interests of managers and shareholders, but also about contributing to the common good.

Climate change

In recent years, church investing bodies have often focused on climate change, which as indicated in Chapter 1, is linked to economic inequality. Climate change is negatively affecting the world's poorest people more than the relatively well-off who have contributed most to it. There is also some evidence that growing economic inequality can itself be a driver of climate change.[30] Tackling climate change and inequality therefore go hand in hand.

At a national level, UK churches are setting ambitious targets for reducing their net carbon emissions to zero – the Church of England plans to meet net zero by 2030 – and to reduce their high-carbon investments.[31] British Quakers have fully divested their centrally held funds from fossil fuels, as have two Catholic dioceses (so far) alongside a number of local churches of various denominations and Christian organisations.[32] The Methodist Church has also committed to divest from oil and gas companies not aligned with the Paris Agreement by 2020.[33]

> **The Church of England has investments in oil and gas companies, and is combining divestment.**

In the Church of England, the three NIBs continue to hold investments in oil and gas companies, and are combining divestment with shareholder engagement to pressurise those companies to transition to a low-carbon economy. They have won some significant successes through this approach. The Church of England Pensions Board, for example, on behalf of the investor alliance group Climate Action 100+, has led engagement with Royal Dutch Shell plc. Consequently, in 2018 Shell committed to setting regular targets for reducing the carbon footprint of its energy products, and to link performance on those targets to the pay of its executives.[34] In 2019, two of the Church's leaders on responsible investment were ranked second and fifth globally for their contributions to sustainable investment.[35]

The NIBs are also using the threat of divestment from companies to push for action on climate change. In 2017 they co-founded the Transition Pathway Initiative (TPI), which evaluates companies based on the extent to which they are moving into alignment with the Paris Agreement. This led to the development of a new, industry-leading way to rank companies for investment, the FTSE TPI Climate Transition Index.[36] The NIBs have committed to start divesting from companies that are not taking their responsibilities regarding climate change seriously from 2020; and by 2023, they have committed to disinvest from fossil fuel companies assessed via the TPI as not prepared to align with the Paris Agreement.[37]

At a local level, Christian organisations and individuals can also use ethical management of their assets and resources to help tackle economic and environmental injustice. Hundreds of local churches are actively working to reduce their environmental impact, by joining incentive schemes like the Eco Church Award.[38] Some have switched to banks with strong ethical and environmental credentials, and analyse their investment portfolios to ensure their funds are not being invested in ethically dubious sources. The Ecumenical Council for Corporate Responsibility (ECCR) produces guidance for churches on how to make these changes and how to encourage churchgoers more widely to see spending, saving and investment choices as priority concerns for the ways they live out their faith.[39]

Impact investing

Impact investing is where investors provide capital to private enterprises in order to generate measurable, positive social and/or environmental impact, alongside a financial return (which can range from competitive to below-market levels). By simultaneously pursuing both impact and profit, impact investing fills a gap between unqualified moneymaking investment and traditional philanthropy. Crucially, it enables initiatives working for a positive social impact to become sustainable in the long-term.

A recent Equality Impact Investing Project (EITP) report emphasises the key role that investors can play in tackling various forms of inequality through actively managing their investments for that purpose. The authors point out that there is no such thing as an equality "neutral" investor – if investors are not actively deploying their capital in ways which mitigate against inequality, they are likely to be reinforcing and/or benefitting from it.[40]

Churches are starting to show a keen interest in impact investing. Since 2014, the Catholic Church has held three high-profile conferences at the Vatican dedicated to impact investing; at the third (in 2018), the participating organisations pledged almost $1 billion in new impact investment to be raised or deployed over the next several years.[41] Speaking at the 2014 conference, Pope Francis said that impact investing can be a mechanism for addressing "profound social inequality" as well as poverty, and called on governments to support the development of a market of high impact investment.[42] When done well, this approach to finance can align well with Catholic Social Teaching and its concern for the poor and for the common good.[43]

> "Investors can play a key role in tackling various forms of inequality through actively managing their investments for that purpose.

In the UK, churches nationally and regionally are also exploring impact investing, to tackle social and environmental problems globally and at home. For example, since 2016 the Church Commissioners have committed an initial £40 million to impact investments, including £10 million to an impact private equity fund which invests in companies in the North West. A key focus is on companies which address financial exclusion and which provide training and technology to build employees' skills and wellbeing.[44] The Commissioners are also releasing £20 million to the Archbishop's Council, which can be used for an impact investing programme that is not bound by the Commissioners' fiduciary duty to produce market rate financial returns.[45] Thus, as churches enter this space, they can actively promote equality in their investment strategies alongside other priorities like poverty reduction and climate action.

Churches as education providers

As education providers, churches have a particular opportunity to address economic inequality, as well as poverty, at an early stage. The Church of England and the Catholic Church run 36% of primary and 15% of secondary schools in England between them.[46] Many of their schools are in isolated areas, forming the hub of local communities (half of Anglican schools are in rural areas)[47] and serving areas of significant deprivation.

> **As education providers, churches have a particular opportunity to address economic inequality.**

Yet discussions about inequality and schools with a religious character (often called "faith schools", or in this case, "church schools") often focus on faith-based admissions criteria, and how these may affect poorer pupils' access to good schools. Barriers to accessing good schools are a major obstacle to social mobility and perpetuate economic inequality across generations.[48] Faith schools tend to perform better than non-faith schools, but nationally they tend to have fewer pupils eligible for (and claiming) free school meals (FSM) than non-faith schools. Faith schools also tend to have fewer FSM pupils than would be expected from the local demography.[49] It has been argued that this is because of oversubscription admissions criteria which select on the basis of religious practice (such as attendance at religious services) and which may privilege wealthier parents. Indeed, there is some evidence that wealthier parents are more likely than less wealthy ones to attend church specifically to secure places at church schools for their children.[50]

At the same time, it is important to note that not all church schools have faith-based admissions criteria – and by law, those that do can only use them when oversubscribed. While Catholic schools usually have these criteria in their admissions policy, as of 2017 about a third of Church of England schools did not.[51] There is a lack of consensus among Anglican dioceses about whether schools should use these criteria.[52] It should also be noted that FSM data does not reveal the full story of child poverty. Many households in relative poverty (defined as below 60% of the median income) are above the income threshold needed to receive the meals. One 2019 study estimated that, in England, only half of Key Stage 2 pupils below the relative poverty line were eligible for FSM; for secondary school pupils below the poverty line, the figure was 42%.[53] It cannot be assumed, therefore, that schools with low levels of FSM uptake have an 'affluent' demographic.[54]

Even so, there have been many calls for schools to move away from faith-based criteria. For example, the Sutton Trust recommends that schools in charge of their own admissions, particularly those that are high-performing, adopt large catchment areas and allocation ballots, with an inner catchment area based on proximity and the remaining places based on a ballot. This would reduce the emphasis on geographical proximity as a determinant of intake and would broaden the potential for a socioeconomically diverse student population.[55]

It is important to take a holistic view of the churches' contribution as education providers. Leaving aside faith-based admissions, the national reach of the school networks means that the Anglican and Catholic Churches have significant opportunities (and responsibilities) to respond to economic inequality as well as poverty. They have been able to establish nation-wide programmes to help church schools address local disadvantage, such as the Church of England's 'Unlocking Gifts' programme, which released small grants to schools for projects focused on supporting vulnerable or deprived pupils.[56]

One important way in which churches and church schools are making a difference on economic inequality is through financial inclusion and education schemes. Nearly half of the population do not feel confident making decisions about financial products and services, and over a fifth have less than £100 in savings.[57] Poor financial education not only drives poverty but also entrenches inequality between the rich and the poor, since people on lower incomes often have fewer skills (and options) than wealthier people in terms of money management. The Just Finance Foundation (JFF), which was established as a subsidiary of the Church Urban Fund with the support of the Archbishop of Canterbury, argues that financial habits are formed by the age of 7, so it is vital that schools take action to build children's confidence in managing money and saving.[58] Its LifeSavers

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> **One important way in which churches and church schools are making a difference on economic inequality is through financial inclusion and education schemes.**

programme, which actively involves parents and church volunteers alongside teachers, offers training and resources for primary schools to embed financial education throughout the curriculum, and provides support in setting up school savings clubs in partnership with a local credit union. By October 2019, 120 schools nation-wide had registered with the programme, 30,701 pupils had received training, and a total of £175,322 had been saved in the savings clubs.[59]

It is also worth noting that some churches and other Christian organisations provide financial education for adults. The JFF, for example, runs training schemes on managing budget and loans (Cash Smart Credit Savvy) and navigating Universal Credit (UC Savvy), and promotes the growth of credit unions to help combat dependency on payday lenders and unlicensed money lenders.[60]

Conclusion

Churches are wielding their influence in response to economic inequality, at multiple levels. They are helping to tackle low pay through shareholder activism, through their championing of the Living Wage, and (at the local level) through helping local residents to organise and lobby employers. Through their shareholder actions and investment strategies, they are exerting pressure on businesses to pay fairer tax and to curb excessive executive pay, as well as to move towards a low-carbon economy. In these ways they help tackle drivers of income inequality, and also wealth inequality over the long-term. As national education providers, the Church of England and the Catholic Church have various opportunities to help tackle problems arising from economic inequality, including poor financial education (among parents as well as children). Here, though, it is possible that some church schools are contributing to problems of inequality through their admissions criteria, but as we have seen this is a complex area. Most importantly, the churches are using their national platform to challenge economic inequality publicly.

Yet there is more that churches can be doing to help tackle this problem. For example, as investors and shareholders, they could prioritise the reduction of inequality in their investment strategies alongside poverty reduction and climate action, and become "equality impact investors".[61] As education providers, they could provide funding so that all church schools nationally can offer initiatives that tackle inequality, such as financial education and savings clubs. They should also scrutinise their own activities carefully, to ensure they are not inadvertently contributing to the problem.

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Conclusion

Work on this report began in a period of economic uncertainty, with 2020 set to be dominated by Brexit. It is completed as the country faces unprecedented economic disruption of a different kind altogether, shutting down in response to the COVID-19 pandemic. It is unclear what the long-term impact of this crisis will be for economic inequality, but we are undoubtedly facing difficult times ahead. At this critical moment, it is vital that Christians and churches offer up a vision for how the economy can be recalibrated from one of exclusion and self-interest to one of hope.

Too often, debate about economic inequality gets caught in a Manichean failure to see the "genuine goods" that the opposite side is aiming for.[1] At a time of seismic change (including ongoing political realignments), we need to move beyond such caricatures. We also need to recognise that it is not enough to challenge inequality's consequences, or its fairness, if we do not also challenge the problematic assumptions about human nature and society which underpin it. New ideas are needed, and as this report has shown, Christianity has something important to offer here. Christians can make, and indeed are making, a major contribution to the debate, by advocating for an economy with a purpose beyond improving our individual well-being. Christian theology gives us a fresh way of articulating what we mean by a good society, and why today's levels of economic inequality undermine it. These are ideas that will resonate with many people, regardless of their faith or lack of it.

Churches are also making distinctive contributions through practical action in response to economic inequality. While they remain primarily concerned with the alleviation of poverty, at an institutional level increasingly they are viewing economic inequality as a problem they need to help tackle as well. As we have seen, they are already doing so in various significant ways.

But there are clear opportunities for churches as national institutions to do more and become leading voices in this space. Firstly, some UK churches have issued corporate statements condemning today's levels of inequality, but these have tended to be piecemeal, and most of their interventions have been through the statements of individual leaders. In the coming months, as we face the challenge of economic reconstruction, the time will be right for churches to issue more formal, institutional statements about inequality, which will be more powerful and long-lasting than individual leaders' comments.

Secondly, churches at national and local levels can do more to help tackle both drivers and consequences of economic (and other) inequalities. They should actively look out for opportunities to build in the tackling of inequality across the range of their activities.

Thirdly, many of the actions that churches are already taking are relatively unknown (such as their investor and shareholder activism). This is the case as much for churchgoers as non-churchgoers. Churches could do more to publicise the good work they are doing in this area.

Fourthly, there is a need for greater research on the roles of Christians and churches in responding to economic inequality. This report has offered an initial exploration of these issues, but more research is needed on how effective church activities, on national and local levels, have been at tackling inequalities – whether within particular companies or across communities as a whole. There is also work to be done on developing a substantial theology of economic inequality.

Most importantly, of course, Christians and churches must continue to challenge themselves, working ceaselessly to model within their own congregations a vision of a society where barriers are broken down, and the equal worth of all is declared. Churches have form for this. As Nick Spencer writes:

> *Inequality becomes harder to justify, harder to sustain, if you find yourself breaking the same bread and drinking the same wine with others you would otherwise never meet... it is only here... in the deep, pre-political understanding that we are called to be with one another, that we will find a political answer to the problem of inequality.*[2]

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The UK has one of the highest levels of income inequality in Europe, and there is a growing sense among many people that income and wealth inequalities are out of control. The situation may well get worse in the future, as we face an unprecedented economic crisis brought about by the COVID-19 pandemic.

It is therefore the right time to re-examine the problem of economic inequality in the UK. High levels of income and wealth inequalities are not just economic or political problems, but also deeply ethical and religious ones. At this critical moment for our economy, it is vital that Christians and churches offer up a vision for how it can be recalibrated from one of exclusion and self-interest to one of hope.

This report considers what distinctive contributions UK churches can make to this discussion. They can provide a framework for understanding both the purpose of the economy and why high levels of economic inequality are a problem, going deeper than the main secular criticisms of inequality. They can also help to tackle the drivers and consequences of economic inequality directly. The report explores the range of practical contributions the churches are making to this, at national and local levels.

“

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