CALL Working Group on Economic Sustainability

The Churches and the Crises in Europe

Introduction

Since 2008 Europe has been facing on-going economic crises, starting with the worldwide crisis in financial markets, followed by a fiscal and political crisis in the European Union. The humanitarian impact of five years of European crises is grave. Today 120 million people in the European Union live at risk of poverty or social exclusion.¹ This is nearly a quarter of the population in the EU. The situation in some of the European countries outside the EU, especially in South Eastern Europe, is even worse. Poverty affects especially young people and single parent households, in some countries also the elderly. About 11% of the active population in the EU are unemployed.² In addition Europe faces an increasing number of “working poor”, people whose work does not provide an adequate income for daily living. The result is an increase of people excluded from participation in society: young, well educated people without access to the labour market, women without equal opportunities in society, farmers and workers who cannot live from their work anymore, elderly people who find that their pension isn’t sufficient to live in dignity after 40 and more years of work.

The different crises have not impacted uniformly across the whole population. They have often led to an even worse situation for groups already at heightened risk, notably young adults, children and to some extent migrants, thus contributing to social polarisation. For example, the unemployment rates of youth (aged 15-24) are dramatically high in Croatia (52.1%), Spain (55.7%) or Greece (59.6%). As a result the social gap in Europe is growing.

In the “Charta Ecumenica”, the Churches in Europe committed themselves to support an integration of the European continent. “On the basis of our Christian faith, we work towards a humane, socially conscious Europe, in which human rights and the basic values of peace, justice, freedom, tolerance, participation and solidarity prevail. We likewise insist on the reverence for life, the value of marriage and the family, the preferential option for the poor, the readiness to forgive, and in all things compassion."

Five years after the beginning of the European crises we want to analyse how the Churches in Europe reacted to the economic and social decline. What is their analysis of the crises? How do they perceive the social and economic impact of the crises? What is their theological perception of the current situation in Europe? What solutions do they offer?

On the basis of a questionnaire we analysed the positions of a number of European churches with regard to the social and economic challenges in Europe. So far, documents of the Church of England, the Evangelical Church in Germany, the Reformed Church in Hungary, the Federation of Protestant Churches in Italy, the National Council of Churches in the Netherlands and the Federation of Swiss Protestant Churches have been taken into account. The results of this analysis are intended to support the churches in Europe in reflecting their respective positions and finding common responses to the crises. The purpose of the survey is to enable the churches to recognize common ground in spite of the different situations facing each country. They may then want to join forces in order to strengthen their impact.

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1. The Perception of the Crises by the Churches in Europe

The analysed statements of the churches in Europe see the reason for the crises firstly in a lack of responsibility within the Market Economy System. With regard to the crisis in the finance market, some of the churches like the Reformed Church in Hungary foremost address the individual failure and criticise the non-ethical behaviour and the greed of individual actors within the market system. Others like the Church of England or the Evangelical Church in Germany focus more on the crisis management of companies and politics. "Inspired by the long tradition of God's liberating interventions from debt over against his people, which extends itself in the biblical texts from Moses to Jesus, we hold the politics of debt which the institutions of the neoliberal market extend on the nations to be incompatible with the biblical message". Other churches see the market economy system itself as the source of the crises. “The combined effect of neoliberal ideology and the increasing independence of the economies from public regulation is responsible for the crisis”

The Swiss Protestant Federation provides the most differentiated analysis of the political and legal framework, the business ethics as well as the individual ethics that led to the financial crisis in 2008 and the debt crisis in 2010. Criteria for this analysis are a “human-orientated” and “life-serving” economy.

The different statements of the churches point out that there has been a lack of responsibility in dealing with risks, a fixation on short term profits, a more generalized fast money mentality e.g. the public sector wanting to act like private banks and generate high returns. Some of those working in finance have used their freedom of action to make quick personal gains. There has been moral failure, unrealistic and risky loans to owners of real estate, an irresponsible sale of mortgages and unreliable ratings. High risk taking investment policies have been driven by those chasing after exorbitant bonuses. The liberalization of the financial markets and the lack of regulation of the derivatives market have been problematic. Policies which were introduced to minimize economic disparity were no longer pursued. The interconnection between business and political parties did not help the situation. For 25 years the debt policies of the member states and their impact on EU cohesion was

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6 Evangelical Church in Germany (EKD). Like a high wall, cracked and bulging. Statement by the Council of the Evangelical Church in Germany on the global financial and economic crisis. 2009. 5.
audited, but without consequences for the policies. The privatization of social and healthcare services, an increase in public debt and a lack of strategic or sustainable investment as well as precarious conditions of work, unemployment and inadequate salaries have meant that a world economic crisis has hit some countries much worse than others.

All statements point out to the social impact of the economic crises: the increase in unemployment, the loss of financial investments, the collapse of businesses and the slide of more and more people into poverty. The crises have been particularly hard for people already poor. Future prospects have been badly hit.

In many countries it is only the solidarity of families and civil society including the churches which prevents poverty from getting out of control. The savings of the elderly are being used to sustain the younger generation. Many people in Southern and Central Eastern Europe are forced to emigrate in order to find work and to escape a hopeless future. The Church of England points out that food and utility prices have risen and financial pressure is increasing while wages and minimum pay have decreased. In many European countries people are not able anymore to live a dignified life from their income. Foodbanks have been set up all over Europe to help those who have been worst affected by unemployment and cuts in social benefits.

The statements of the churches also express their concern about the growing gap between rich and poor people in Europe. While millions of poor people are still struggling with the social impact of the financial crises, the drive for profit at all costs proceeds as if nothing has happened. The Ethical Investment Advisory Group of the Church of England, together with other major investors in the stock market in the UK have expressed concern publicly via the media about the level of executive pay and the incentives to take high risks. The Evangelical Church in Germany (EKD) criticises a generalized fast money mentality. “It seemed normal that consumers should also expect high short-term returns, without being capable of measuring the high risks.

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8 Cf. Church of England Commissioners Report 2012
9 Cf. Evangelical Church in Germany (EKD). Like a high wall, cracked and bulging. 9. “There seemed to be an endless supply of money on credit. New financial products were invented, allowing the banks to sell-on their lending risks, or to offer apparently effective guarantees.”
3. The Theological Perception of the current Situation in Europe

For their theological interpretation of the crises the churches draw from all the periods of biblical writings. The Evangelical Church in Germany lifts her voice like the prophets of the Old Testament accusing and spelling out mischief and making clear that there is a point of no return: “Is it not to share your bread with the hungry, and bring the homeless poor into your house; when you see the naked to cover them and, and not to hide yourself from your own in? ...” God’s claim is not without comfort. Therefore the document underlines the blessings of the actions of the righteous that are full of promise: “Then your light shall rise in the darkness and your gloom be like the noonday. The Lord will guide you continually and satisfy your needs in parched places.” The criticism of false leaders in Matthew 23,23 (“Woe to you, teachers of the law and Pharisees, you hypocrites! You give a tenth of your spices—mint, dill and cumin. But you have neglected the more important matters of the law—justice, mercy and faithfulness. You should have practised the latter, without neglecting the former!”) is put in correlation with the prophetic promise to be nurtured not by the success of your own strife and endeavour, but simply by virtue of the covenant with God (“Give ear and come to me; listen, that you may live. I will make an everlasting covenant with you ...” Isaiah 55,3), as in the document of the Federation of Protestant Churches in Italy. The Leading Bishop of the Reformed church in Hungary takes up the idea of the liberating truth (John 8,32), which forms a humble recognition of the universal situation of debt over against God and makes us realise our dependence on its cancellation. Human moral frailty and entanglement in guilt, and accounts of destruction and upheaval that are redeemed by the message of salvation and healing can be a source of guidance and inspiration. The Protestant Church in the Netherlands refers to the biblical image of 'Mammon' (Matthew 6) to point out that money that has become a value in itself and turned to an absolute goal.

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10 Evangelical Church in Germany (EKD). Like a high wall, cracked and bulging. 10.
11. Evangelical Church in Germany (EKD). Like a high wall, cracked and bulging. 15 with reference to Isaiah 58,7-12.
for human life, has turned into an object of idolatry. Money has to be treated as an instrument for the distribution of products and services. The goal of money can only be to achieve justice in an economic, social and ecological perspective.¹²

4. The Contribution of the Churches to the Solution of the Situation

To raise its prophetic voice and to criticize the failure of individuals, companies or governments in a crisis situation is one task of the church. But it will only be credible if the churches put their words into practice themselves. In all European countries the churches have strengthened their activities in the field of diaconal and social services. In some European countries people would not be able to survive without the foodbanks provided by parishes or the shelter for the homeless provided by diaconal institutions. Many of these services are run by volunteers. In numbers the voluntary contribution of church members is even greater than the monetary contribution of these services.

Some churches have started to review their own investment policies in relation to ethical criteria.¹³ They have defined new criteria for long-term sustainable economic and financial solutions and practices. As churches and their investment funds are in some countries important institutional investors, such a change of investment policies can have a relevant impact on the financial market, setting benchmarks for others. Some churches like the Church of Cyprus contributed financially to the reduction of debts of their countries.

Churches also took part in the development of concepts for the overcoming of the crises. The Swiss Protestant Federation is strongly lobbying for a „Global Green New Deal“. Last but not least the churches see an important task in the intercession for decision makers as well as for those who suffer in the crisis.

¹² Council of Churches in the Netherlands, Belief and economy and the perspective on the economic crisis, October 2013,
¹³ Cf. EKD. Leitfaden für ethisch nachhaltige Geldanlage in der evangelischen Kirche. EKD Texte 113.
5. Conclusion and Recommendation

The analysed statements of the churches are quite coherent with regard to the theological foundation and the perception of the social impact of the crises, but they show quite a variety of different positions in the analysis of the reasons that led to the crises and – subsequently- in the suggestions for the solutions. The level of argumentation is also rather diverse. Some statements remain on a very general level (e.g. the statement of the Reformed Church in Hungary), most try to provide orientation on the level of middle axioms (e.g. the statements of the Evangelical Church in Germany) and some provide very precise recommendations, even going into the technical details of regulation of the financial markets (cf. the statement of the Federation of Protestant Churches in Switzerland). All churches express their intention to actively contribute to the overcoming of the crises.$^\text{14}$

Comparing the different statements of the churches, it becomes very visible, how strongly they are rooted in the respective national or regional context. That is on one hand obvious as they reflect the perspective of the respective regional or national church. But it has the consequence that the statements do not really focus on the situation in Europe but rather restrict themselves to a specific perspective.

As a result these statements might contribute to the discourse on European issues in their respective context, but they do not provide a sufficient contribution for the dialogue on European level. If the churches in Europe really want to contribute to the solution of the crises in Europe and to decision making on European level, they have to bring together their respective positions to a common voice. The churches in Europe will only make a difference if they come with a common position that interconnects the different perspectives. Providing numerous diverging, sometimes even contradicting positions doesn’t enable the European institutions to take the concerns of the churches into account in their decision making procedures.

It is therefore necessary for the churches in Europe to do more than they have done so far and to focus not only on their individual perspectives, but on the well-being of all Europeans, if they want to be taken seriously.

$^{14}$ Cf. Evangelical Church in Germany (EKD). Like a high wall, cracked and bulging. 5.
We therefore recommend that the churches mandate the Church and Society Commission of the Conference of European Churches to produce a statement reflecting the common voice of the churches on the basis of the existing statements of single churches. As a first step we suggest inviting the different authors of the statements for an exchange of views, maybe linked to a dialogue seminar with the European institutions.

For the time being we see this paper as an open process. We invite others to further develop this analysis on the basis of additional church statements.

Brussels, November 2013

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Annex: List of Church Statements


- Evangelical Church in Germany (EKD). Like a high wall, cracked and bulging. Statement by the Council of the Evangelical Church in Germany on the global financial and economic crisis. 2009.

- Evangelical Church in Germany (EKD). For a Common Future in a United Europe. Statement by the Evangelical Church in Germany (EKD) on Strengthening European Cohesion. 2012.


