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Giles Fraser: Get to grips with banks' morality

'The corporate tax affairs of an organisation like Barclays are complex, and not reducible to simplistic comparisons,' Barclays said. But it is not all that complex. Barclays has paid just 2.4 per cent corporation tax on its 2009 profit of £4.6 billion.

Many people are justifiably outraged, not least because it seems that we have been round this one time and again, and nothing seems to change. After the credit crunch, the Archbishop of Canterbury challenged those working in banking 'to stop and wonder whether this might be a moment of enormous and strange opportunity'. It was an opportunity not taken.

But perhaps most of us have not been outraged enough; or, rather, we have expressed a generalised sort of outrage, without ever having tried to fathom out the details of what has been going on. For a year or so now, I have been running the St Paul's Institute, an educational think tank that seeks to bring Christian ethics to bear on questions of finance and economics.

Given how much of the Bible is concerned with the right use of money, and the huge social impact that banks have on the way we live, one would have thought that churches would make the ethics of finance a high priority. But my experience is that, often, they do not.

Yes, the world of the City can be difficult to understand, and it may seem like a closed shop. Many issues are, as Barclays suggests, 'complex'. But we must not be intimidated or put off by this. There are ways for the non-specialist to grapple with the issues.

This week, the Ecumenical Council for Corporate Responsibility (ECCR) has published a report, *The Banks and Society: Rebuilding trust*. It is a great resource for churches to get people thinking about the moral issues involved, including clear explanations of the slippery line between clever tax-avoidance and illegal tax-evasion, and of how banks set up 'complex circular transactions with little or no economic value'. Note that word 'complex' again.

Complexity, of course, is the way some organisations mask what they are doing, throwing up a smoke-screen, so that ordinary people get baffled and walk away. We must not allow ourselves to be fooled. In December 2009, the Government set up a voluntary Code of Practice on Taxation for Banks, in which those who sign up — and Barclays has signed up — commit themselves to greater transparency and to reject the exploitation of tax loopholes.

It is up to us to hold the banks to their best intentions. And we can properly do this only when we develop a greater literacy in the ways of the banking world. The ECCR report is a good place to start.

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