

How much should we pay ourselves?

*A talk given to the 'Off the Radar' Group
Durham Diocese
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Introduction

There has been a subtle migration in the title of tonight's talk from that originally suggested to me. The original title suggested when I was invited to deliver tonight's talk was: 'How much should I earn?' – I want to talk about 'How much should we pay ourselves?'

We rather than I because I want to suggest that this is about our collective societal values, not just a matter of individual conscience or personal morality, and pay ourselves rather than earn because I believe that we set the agendas for rewards structures (incl. our own pay) more than we may realise.

There is a real danger that any attempt to address this topic comes across as dry and superior. I will try to lighten up a bit by jumping with both feet right into the middle of the issues which seem to me to impact upon our pay packets and our spending power – globalisation, consumerism and consumption, relative poverty (& relative wealth), the pensions crisis, sustainability and well-being – and groping around to see what we can find out. [This may involve going over some ground touched upon by earlier speakers – if so there's probably enough meat in them to merit a second airing]

As a Christian I find my attitudes to these dilemmas are confused and ambiguous, and my practical response is patchy and inconsistent.. so we'll conduct this discourse in something like a debate – on the one hand..., and on the other....

If you were hoping for a biblical exegesis of Leviticus 19 v13 about not withholding wages or 1 Timothy 5.13, 'the labourer is worthy of his hire', I am sorry to disappoint you. You'll just have to hang on until the refreshments.

But I will be using as my biblical anchor point the parable of the labourers in the vineyard (Matt Ch 20) which I find to be one of the more profound parables about the how we might go about realising the Kingdom on earth.

Personal Background

So before I launch in, it would probably help to say little bit about who I am and where I come from, so that at least you will understand why this is a topic which intrigues me.

I started my professional life as a merchant banker in the City of London – it was lot's of fun and very well paid. After I had completed my bankers exams I decided to sign up for a course of part-time theological training (St Alban's Diocesan Ministerial Training Scheme Course – although it was a course primarily aimed at those going forward for non-Stipendiary Ministry – it was also open to lay people who just wanted to learn. I was one of those and I have remained a lay person). The course helped me to understand better the inherent tensions between an agenda for social justice and the economic establishment. Banks work best when they help to make the rich richer, and keep the poor in their place. If you have a passion for social justice don't choose banking as your career (Apologies to any bankers in the room).

My professional life therefore took a new direction – first in Liverpool Diocese working under the late Bp David Sheppard and then coming to the North East to become Finance Director (and later Chief Executive) at Traidcraft

After 14 years in Traidcraft I left in 2001 to establish a freelance consultancy in social finance and social enterprise development in the North East. My wife and I now live in Alnwick where we worship at the local Anglican Church.

So in my professional life I have been overpaid as banker, worked for a stipendary salary in Merseyside and struggled with workplace democracy and salary differentials at Traidcraft. As a self-employed consultant I now truly do 'pay myself'.

Dilemmas

How much should we pay ourselves? I'll return to the question of 'self worth' and scarce skills later...let's look at consumption.

If we are well paid we contribute more to the economy.. the more we are paid, we more taxes we pay (well relatively speaking because if we are very well paid we can afford to pay someone to help us pay less tax, and if we are very, very well paid we may change our domicile and become a tax exile) – see it's getting complicated already...

But if as a technician, or a manager, or tradesperson or a professional I get a pay-rise (and average earnings have been consistently outstripping the cost of living – ie our real wages are worth more and more each year) that's good for the national economy and its good for the global economy because I pay more in taxes and I spend more in the shops Gordon Brown can maintain his pledge to invest in health and education, and we create jobs at home and abroad to supply the goods and services we buy. We are more prosperous and the world is more prosperous.

Indeed our prosperity (and to some extent therefore Gordon Brown's continued investment in the health service and education) depends upon a perception of relative wealth and ever increasing retail spending/consumption.

[Change sides]

But just a minute – does this work? If doctors, nurses, teachers and policemen are paid more (*I declare an interest, my wife is a teacher*) aren't the extra taxes we pay just increasing their pay packets rather than actually making a difference to the capacity of the public services to deliver.

Higher wages mean higher house prices – good news if you own a house; second homes even for the well-off. But first time buyers, those working in the voluntary sector or the arts, or on low incomes find themselves priced out of the market

Increased consumption means increased global warming – more cars, more food miles, more holiday charter flights.

Higher domestic wages means more jobs going abroad – manufacturing jobs to China, Indonesia, Korea; service sector and call centre jobs to India.

So the better off are better off, and the less well off feel the pinch (Gordon Brown has taken action to reduce both pensioner poverty and child poverty, but the gap between the rich and the poor is still widening)...

[Change Sides]

Be that as it may... you can't stand in the way of economic reality – since before the industrial revolution humans have improved their lot by allowing market forces to find the most efficient and lowest cost of production – and the more we specialise, the more prosperous we can become.

When we were a self-sufficient agrarian economy - our life expectancy was lower, we were less well educated, our homes were poorer, luxuries were scarce. Industrialisation, specialisation, urbanisation has brought unparalleled wealth (globally). Consider the marvellous confluence of human ingenuity, collective organisation, and market forces which sustains a modern city – water, electricity, food, services all delivered on demand, hospitals, public transport services, sewers, garbage collection, shops, restaurants, theatres, roads, streetlights, parking, police – all sustained by a complex economic web which has the free market at its heart. (For the development anaesthetics and antibiotics alone I say praise the lord for the market economy)

Pretty much all of this has come about by allowing people to specialise at what they are good at, by rewarding invention and rewarding scarce skills. We trade our skills for money and our money for our wants and needs....and it works

[Change sides]

Wants and needs, you say – aha!

Needs are easy to agree about - clean water, food, shelter, sanitation, education, time for recreation. But wants? Who determines what we want?

Have you heard of Abraham Maslow's hierarchy of needs? Basic needs at the lower level – survival, security, belonging. Higher needs once our basic needs have been met – self esteem, self actualisation.

The market economy would like to persuade us that our higher needs can be met by acquiring things. Marketeers and fashion gurus seek to persuade us that we want new things - house makeovers (chuck out the chintz), garden make-overs, fashion-make-overs, even personal make-overs (cosmetic surgery).

The notion of retail therapy confirms that it is becoming act of shopping not the using/wearing what we buy, which satisfies. And if it's a craving to shop that we need to satisfy, satisfaction is necessarily shortlived. Soon we will need to shop again.

[Change sides]

Don't let's get all self denying and hair shirt about this. How does fair trade work after all – if it is not selling to middle class women jewellery, ornaments and other other things they don't really need – like chocolate – in order to pay a fair wage to other women in the developing world. Don't get me wrong, fair trade is a great idea, but it relies on our willingness to spend money on luxuries and gifts which we don't really need – it relies on a developed consumer society.

And many of our jobs rely upon the discretionary spending of an affluent society – Here in Durham, or where I live in Alnwick – tourism is a significant sustainer of jobs...Tourism is by definition discretionary spending.

[Change sides]

It's interesting that you choose the word sustain.. because one of the real challenges about how we live our lives and how we reward ourselves is how 'sustainable' our lifestyle really is:

- There's global warming and our seeming disregard for the real cost of fossil fuels (The price of a barrel of oil is still more than twice the price of two years ago – but has behaviour changed?)
- There's our '*consume now, pay for it later culture*' where available credit is proffered to us at every turn
- And as we look forward to longer life expectancy (not least thanks to advances in healthcare services which we struggle to afford), we seem unwilling to save for our retirement pensions. We expect the 'state' to do that (The same state – that is - as the one we don't want to elect if they threaten to raise taxes).
- We are reluctant to save for our pensions because we perceive investments are risky (Investments which are made in the same 'risky' businesses who provide many of our well paid jobs and supply the goods and services we consume and enjoy)

I could go on.. I am not an anti-capitalist. I want simply to point out that we have a love/hate relationship with the complex realities of market economics, and that we have come to expect an awful lot of lifestyle benefits from our fragile planet

Parable of Labourers in the Vineyard

I said that I would explore a parable as a biblical anchor for our thoughts. The parable is to be found in the Matthew's Gospel, Chapter 20. It goes like this:-

'There was once a landowner who went out early one morning to hire labourers for his vineyard; and after agreeing to pay them the usual day's wage he sent them off to work. Going out three hours later he saw some men standing idle in the marketplace. 'Go and join the others in the vineyard', he said, 'and I will pay you a fair wage.' So off they went. At noon he went out again, and at three in the afternoon, and made the same arrangements as before. An hour before sunset he went out and found another group standing there. He said to them, 'Why are you standing about like this all day with nothing to do?' 'Because no one has hired us,' they replied. So he told them, 'Go, and join the others in the vineyard.'

When evening fell the owner of the vineyard said to his steward, 'Call the labourers and give them their pay, beginning with those who came last and ending with the first.' Those who had started one hour before sunset came forward, and were paid a full day's wage. When it was the turn of the men who had come first, they expected something extra, but were paid the same amount as the others. As they took it they grumbled at their employer: 'These latecomers have done only one hour's work, yet you have put them on a level with us, who have sweated the whole day long on the blazing sun!' The owner turned to one of them and said, 'My friend, I am not being unfair to you. You agreed on the usual wage for the day, did you not? Take your pay and go home. I choose to pay the last man the same as you. Surely I am free to do what I like with my own money. Why be jealous because I am kind?'

Horace Dammers, Dean of Bristol in the 1980's and founder of the Lifestyle movement offers the following thoughtful commentary on the parable in his book, 'Lifestyle – a parable of sharing'. He recounts a group at Bristol Cathedral discussing this parable together – the leader invited each attender to put herself or himself in the shoes of the one of the characters in the story. No one in the group seemed willing to take the role of the labourers who were chosen last, so eventually Horace Dammers made an attempt. He continues:

I did my best to set the scene. The landless day labourers assemble ever hopefully in the cool of the morning; perhaps before sunrise so as not to miss the chance of employment. The landowner comes to the marketplace after his bath and his breakfast. Probably he has known them all their lives. He knows who is young and strong, who is a good worker, who has malaria or some other disability, who is getting old. It is natural enough for him to pick out the best workers and to contract with them for the usual daily wage; a miserable pittance by our standards, but enough to buy food for the family.

I imagined the unsuccessful in this process hanging about hopefully. Something might turn up and save their children from going hungry to bed that night. As the hours pass, some give up and return home to the anger or the despair of their wives. Others are so keen to work that they stick it out and are rewarded for their persistence. The just and merciful owner of the vineyard comes back again and again to those who are so utterly dependent upon him. There is now no need to strike a bargain. They are eager enough to accept whatever he offers them, both because they trust him and because as the permanently under-employed they have no option...So I concluded, granted the feudal style of society that still operates in many thousands of villages, the owner of the vineyard was the best kind of employer'

[A Parable of Sharing – page 200]

The vineyard owner seems to have his own understanding of social justice and is willing to practice it. He does not simply allow market forces to set the pay of his workers... surely those coming late in the day would have been willing to settle for pretty much anything rather than return home with their pockets empty.. but he seems to have judged pay according to need. All of his workers needed a living wage.

We experimented with egalitarian pay structures whilst I was at Traidcraft. We tried to operate a fixed salary differential whereby the best paid did not earn more than 2.4 times (later raised to 3 times) the lowest paid full time worker. The result was that our low paid workers were paid a premium of 10% -15% over local market rates, and our higher paid staff worked at a discount – of up to 50%/60% versus the market.

Did it work? Not really – we had no performance criteria for our lower paid staff – not all of them pulled their weight, but our wage structure gave them an unrealistic view of their market potential. They were stuck with us and we were stuck with them. Increasing numbers of the senior staff – like the workers who had toiled all day in the vineyard – felt under-valued. And it was getting hard to attract new staff as the company grew.

So why does it seem to work against you when you try to apply Kingdom values in a fallen world?

- Because it's hard to unlearn our competitiveness. When my children were small and I first began to play board games with them I found it hard to kick the habit of trying to win. Put me in a trading game or a game of monopoly and I want to accumulate. Most of us are conditioned to exploit competitive advantage.
- It also has to do with our self-worth. We may be content with our lifestyle but if someone else is getting more – that's unjust. We know that our value as human beings cannot be monetised – but we are angry if the monetary value of our labour does not match the contribution we make.

- As I noted above, as an employer we may have a very alternative (more appropriate) system of pay, but we may find it very difficult to attract people with the skills we need to work on our terms [Will your plumber accept the same hourly rate as your window cleaner?]

When we talk about paying people not according to market forces or the value of their output, but according to their need, we are adopting the ideals of communism (*from each according to her/his abilities to each according to her/his need*). Our benefits system tries to ensure that in the UK everyone's most essential needs are met, but if the same system starts also to satisfy their wants (new tv/dvd, three piece suite, holidays, ..) they risk being labelled 'benefit scroungers'.

Our instincts rebel against the vineyard model...How so?

I come from a privileged background (public school, inheritance from my grandparents which has meant that I have not had to earn a lot to afford my mortgage).. but I can also say that life has been most content when our family income was very basic. We had enough for our needs, but we could afford few luxuries. Our choices were simple, our lives uncomplicated.

At my most affluent (relatively) when I worked in the bank life was more complicated – how should I invest my savings, what would be most tax efficient should we buy a bigger house, , when the children grew up should we try to educate them privately? Truly more money meant more hassle – never mind the peer pressure from colleagues also climbing the career ladder.

If we are concerned about happiness and well-being, we should think twice about paying ourselves more than we need. There is plenty of research to support the view that in societies where there is least income inequality (eg Scandanavia) societal well-being and happiness is greatest and at that in societies with greater income differentials (eg US, UK) societal well-being and happiness is less.

Large and conspicuous gaps in incomes and wealth distribution tend (ironically) to support a false (monetised) view of happiness.

If you are poor in the UK, what is your best hope of escape? The Lottery (odds of 14 million to one – and then a poor prospect of happiness even if you do win!)

There is something about knowing that enough is enough which is a key to contentment. It is not about self-denial – it certainly includes enjoyment of good things ('I spread a table in your sight, my cup runs over') – but it stops before competitive acquisition and out-doing your neighbour becomes an end in itself. However hard done by the all day workers in the vineyard may have felt, jealousy, stress and dis-ease would have been greater within their community if there had been a wide differential in the wages paid at the end of the day. Maybe the vineyard owner knew a thing or two about happiness?

Taking Responsibility for the Vineyard

So far we have been thinking about ourselves as workers in the vineyard and someone else, the vineyard owner deciding the wage structure. I entitled this talk, how much should we pay ourselves? For I believe that we create the conditions of work within the vineyard.

If we are driven by a desire to be 'top dog' – or at least to recover our salary differential vs another labour sector – or we protest about threatened changes to our pension rights - or if we simply want to sell our skills/our work for the best price we can get; we are shaping the context within which decisions about pay are reached.

Extreme examples may be abhorrent – how can you justify a footballer earning 150 x national average earnings, or a company boss earning 500 times the lowest paid employee in the firm? How do you justify a disposable income of more than £100,000 per annum? Do we want to be like Elton John and spend £135,00 per annum on flowers? But these extreme examples follow the same logic of determining pay according to strength of bargaining power and scarcity of skills.

Collective bargaining doesn't always achieve the desired results – GP's, teachers, private sector managers – all have seen above average rises in their pay in the last decade. All feel more stress in their jobs because with the pay rises have come more responsibilities, more expectations and less support. Has anyone thought of asking for less money and more support? If you try, you may find that your Union or trade association has negotiated contract terms that will make it impossible for you to exercise that choice.

How do we change it, if we want to change it? First by deciding to be content with sufficient for our needs – a stipend. (The stipend – something the Church got right, though they spoiled it somewhat by insisting on differentials for archdeacons and bishops!)

We have to unhook ourselves from the money-go-round first, take a personal stand and to walk the talk.

Within your place of work you may not be popular at first, but you'll certainly get noticed!

And then, to the extent that we have energy and desire, we should try to do business with companies/organisations which have more egalitarian structures and to boycott those who don't [And to confess our weakness when we don't follow our principles – I confess to enjoying one of my weaknesses is Formula 1 and Michael Schumacher's \$30million per year earnings break all of the rules!]

Give me some examples, you say? Well the Co-op is a good place to begin, and local small suppliers (local bakers, farmers' markets).

If you've got investments or are part of a pension plan, find out about the voting record of your investment company. Are they taking a stand on excessive Directors' pay? Some already do.

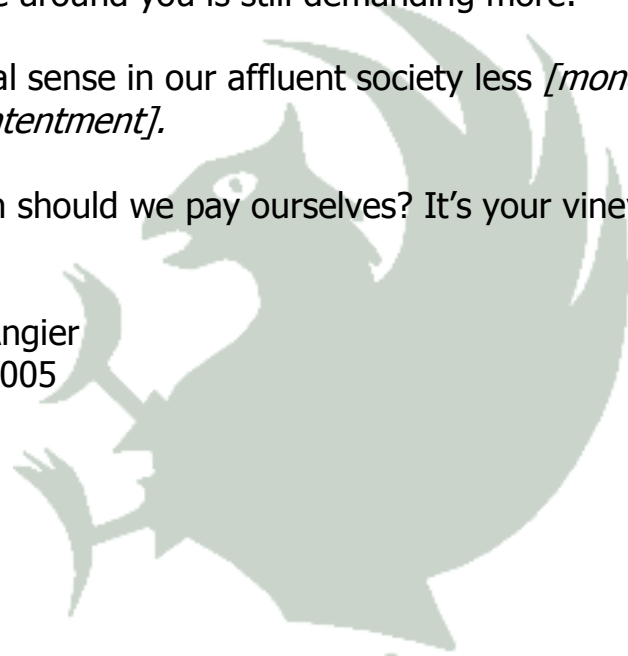
Or if you are disquieted about bad practice but have no choice – eg the local authority or the water company – write a letter and say what you think.

I talked earlier about knowing when 'enough is enough' – that self knowledge can become a two edged tool. It can help us to moderate our appetites when tempted to join the queues at the check-out of conspicuous consumption – and so make our small stand for a more sustainable planet Knowing when enough is enough also helps you to decide when your wages are sufficient to meet your needs, and to be wiling to take your stand even when the culture around you is still demanding more.

So in a real sense in our affluent society less [*money*] may mean more [*contentment*].

How much should we pay ourselves? It's your vineyard, you decide.

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