

# Profit 'Not Satanic,' Barclays Says, After Goldman Invokes Jesus

By Simon Clark and Caroline Binham

Nov. 4 (Bloomberg) -- Barclays Plc Chief Executive Officer John Varley stood at the wooden lectern in St. Martin-in-the-Fields on London's Trafalgar Square last night and told the packed pews of the church that "profit is not satanic."

The 53-year-old head of Britain's second-biggest bank said banks are the "backbone" of the economy. Rewarding high-performing bankers with more pay doesn't conflict with Christian values, he said. Varley was paid 1.08 million pounds (\$1.77 million) and no bonus in 2008.

"Talent is highly mobile," Varley, a Catholic, said. "If we fail to pay or are constrained from paying competitive rates then that talent will move to another employer."

"Is Christianity and banking compatible? Yes," he said in an interview after the speech in the 283-year-old church. "And is Christianity and fair reward compatible? Yes."

Varley joins Goldman Sachs International adviser Brian Griffiths and Lazard International Chairman Ken Costa as London bankers who've gone into London churches in recent weeks and invoked Christianity to defend a banking system that critics say has created wealth and inequality in the U.K.

"The injunction of Jesus to love others as ourselves is an endorsement of self-interest," Goldman's Griffiths said Oct. 20, his voice echoing around the gold-mosaic walls of St. Paul's Cathedral, whose 365-foot-high dome towers over the City, London's financial district. "We have to tolerate the inequality as a way to achieving greater prosperity and opportunity for all."

## Bonuses to Rise

City bonuses may rise by 50 percent to 6 billion pounds this year, according to the Centre for Economics & Business Research Ltd., even after the U.K. economy contracted for six consecutive quarters, driving unemployment to a 14-year high of 7.9 percent. The gap between rich and poor in the U.K. reached its widest in five decades last year, according to the Institute for Fiscal Studies, a non-partisan research group.

"The levels of inequality in London are just mind-boggling," said Nicholas Sagovsky, canon theologian at the 764-year-old Westminster Abbey, where British monarchs are crowned and Queen Elizabeth I and Queen Mary I are buried.

Bankers are trying to defuse public anger at a financial crisis that triggered a state bailout of lenders including Lloyds Banking Group Plc and Royal Bank of Scotland Group Plc. The two banks yesterday got 31.3 billion pounds more from the government, after receiving 37 billion pounds last year.

"It's terrible to say things like that in a church," Neil Jameson, executive director of London Citizens, a non-profit that campaigns on issues from low pay to crime, said of Goldman's Griffiths. "He should be condemned," Jameson said.

## 'Leper Colony'

Politicians from the ruling Labour party and the opposition Conservatives and Liberal Democrats are preparing for a general election that must be called by June. All three parties have criticized bankers, who have been cast as "pariahs" who work in a "leper colony," London Mayor Boris Johnson has said.

"People are very, very angry at the gross iniquity of rewards in society," Liberal Democrat lawmaker Vince Cable said in the St. Paul's debate with Griffiths, 67.

Bankers need to convince the public of their usefulness to preserve their pay, jobs and the City, said Adair Turner, chairman of U.K. regulator the Financial Services Authority.

"What good does the City do?" Turner said in the debate at the 299-year-old St. Paul's. "Trading firms have to understand that if their activities grow to an economically useless, or indeed in some cases positively harmful scale, lack of comprehension will turn to fury."

## 'Moral Issue'

Bankers became too obsessed with short-term gains in a financial crisis that is a “profoundly moral issue,” Lazard’s Costa said in the church of St. Katherine Cree on Oct. 15.

“These are long-term commitments,” Costa, 60, said of banking careers in a sermon at the church, one of a few to escape the great fire of London in 1666. “They are not one-night financial stands,” he said. “Impatience is no recipe for a healthy economy or society.”

Banking’s core business of moving money around to fund people, companies and countries lifted millions out of poverty, Varley said last night.

“There’s no conflict between doing business in an ethical and responsible way and making money,” Varley said. “We make our biggest contribution to society by being good at what we do.”

Barclays “objective is to pay the minimum compensation consistent with competitiveness,” Varley said.

#### Free Market

He didn’t convince everyone in the audience.

“If we leave pay to the free market we give up responsibility because no one takes responsibility for the free market,” said Will Campbell-Clause, who works for an environmental non-profit in London.

Wherever capitalism caused innovation and job creation the City played a role -- from China to the renewable energy revolution, said Goldman’s Griffiths, who was an adviser to former Prime Minister [Margaret Thatcher](#) and sits in Parliament’s upper chamber, the House of Lords.

“These to me are evidence of the good things the City does,” he said.

Economic growth alone can’t solve inequality, Westminster Abbey’s Sagovsky said.

“The discrepancy between the wage that cleaners of banks like Goldman earn and the bankers’ compensation is enormous,” the canon said in an interview.

Goldman spokesman [Paul Kafka](#) said his bank “expects” suppliers to pay staff the recommended London minimum wage of 7.60 pounds an hour. Goldman set aside \$16.7 billion for compensation of its staff in the first three quarters of 2009, enough to pay each employee \$527,192 for the period.

#### ‘Walk the Talk’

“It seems like the bankers aren’t listening to society,” said Jacob Needleman, a professor of philosophy at San Francisco State University and author of “[Money and the Meaning of Life](#).” Needleman said Griffiths should make “an immediate donation of some several million pounds to a beautiful charity” to show he can “walk the talk.”

For [Richard Chartres](#), the bishop of London, Varley, Griffiths and Costa are men of “high moral integrity and they know what a danger it is” to speak about banking in church.

“One of the great problems about our civilization is the divorce between public and private life, between fact and value, between the privatization of faith and a public life which sometimes seems can only be organized on the basis of number-based observations,” Chartres said in an interview. The three bankers are “reflecting on the fact that there has been this divorce.”

#### Profit Versus Society

Varley, whose lecture was organized by the Christian Association of Business Executives, said there was no need to separate investment banking from retail banking because banks are responsible for the propriety of their own business models.

“The pursuit of profit must not come at the expense of society,” Varley said. “We have an obligation to behave as a responsible employer.”

Chartres, the bishop of St. Paul’s, said he welcomed bankers to debate in church, even though Jesus had thrown money changers out of the temple in Jerusalem, according to the Bible.

“The money changers were actually selling sacrifices,” Chartres said in an Oct. 27 interview in St. Paul’s. “It is the idea that you can buy off God.”

The bishop pulled on his coat and hat and strode toward the cathedral exit from beneath the great dome.

“They have a duty to be extravagantly generous,” Chartres said of the bankers, “because to those to whom much has been given much will be required.”

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