



Greed and Materialism:

The crisis behind the financial crisis

Mr Rudd took aim at greed, risky behaviour and excessive executive pay packages in the context of the global financial crisis.

“As we contemplate the impact of this financial crisis on real economies, real people and real lives, it must also galvanise us to act in the future that we never allow greed and lax regulation to put us in this position again,” Mr Rudd said during his address.

The Prime Minister’s concerns over the role of greed in domestic and international economic systems are well-founded as we consider how far Australia and much of the Western world have travelled down a path of materialism, where the desires of individuals for more and more goods are put ahead of the needs of the community.

Sadly, those that stand to suffer most from the current financial crisis are again the world’s poor. As representatives of Australian aid agencies such as World Vision Australia and CARE Australia recently wrote in an article in *The Age*, “Reduced aid and trade could mean that the people in the poorest countries pay the highest price for the profligacy of the credit bubble in North America and Europe.”

Wealth for the community

The global financial crisis reminds us that moral realities are universal and have global consequences. Obscene executive salaries of themselves are not the cause of the current collapse of international markets, but they are symptomatic of a level of greed and importantly attitude, that is very much characteristic of a world losing its spiritual roots.

We should not decry the goal of wealth generation, the poor depend on it and it is more often than not the source of Christian charity. But it must be accompanied by a view of community benefit, even global community benefit.

The damage caused by the global financial crisis was still being played out at the time of writing, with the threat of recession in many parts of the world.

While there is no doubt that free enterprise has positively transformed the lives of millions around the world, we need to pave a way forward which is less about self-interest and more in the interests of all. ^(A)

Jim Wallace AM
 Managing Director
 Australian Christian Lobby

What lies behind the global financial crisis? Who will suffer the most and are there any lessons to be learned? Jim Wallace examines the issue

It’s been dominating world headlines for months. What began last year as a subprime mortgage crisis in the US managed to change into a global credit crunch, which in September this year suddenly transformed into a global financial crisis.

That’s when Australians really started to sit up and take notice. Somehow a problem, which had started out with too many Americans being over-extended on risky home loans, had translated into a catastrophe that was making everyday Australians concerned about whether their money was safe in the banks.

Of course there was a tangled web of reasons and actions that linked the initial problem to a financial crisis which grabbed the world’s attention. There were the American mortgage brokers looking for bigger loan commissions, the investment banks taking on excessive debts, the hedge funds playing the sharemarket. . . and the list goes on—even to individuals wanting more.

Flaws in the free-market

Integral to it all has emerged the problem of regulators—particularly in America—having too much faith in a free-market system to operate responsibly, despite its driving force being the profit motive rather than the common good.

In late October former US Federal Reserve chairman Alan Greenspan acknowledged that the global financial crisis had exposed flaws in his thinking and in the workings of the free-market system.

In testimony to the House Government Oversight Committee, he reportedly said, “Those of us who have looked to the self-interest of lending institutions to protect shareholders’ equity (myself especially) are in a state of shocked disbelief.”

Some have also pointed the finger at a human flaw, which in the past has frequently been excused in the name of worthy aspiration—the flaw of greed.

Australia’s Prime Minister, Kevin Rudd, has been one of these. In an address to the National Press Club on October 14,