

Financial crisis: Beyond reasonable greed?

By Wayne Visser

"Greed is good". Remember the phrase immortalised by Michael Douglas who played Gordon Gekko in the 1987 movie Wall Street? Well, the world has more than lived up to these words by pursuing the principle that excessive greed is even better.

This was the opening gambit for my first book, entitled "Beyond Reasonable Greed", co-authored with Clem Sunter and published in 2002. Now, watching the financial crisis snowball over the past few weeks, I can't help feeling a sense of déjà vu. Here are some extracts, which seem even more relevant today than they were when we published the book in the wake of Enron's crash:

"Bad magic has moved many companies into a state that is beyond reasonable greed. And the public have a good idea of the boundary between 'reasonable' and 'obscene'. For example, we have had several disclosures on the size of individual packages and the terms of share incentive schemes which have caused tremendous hue and cry. They have been clearly out of wack with the norm. To give companies the benefit of the doubt, they may not have consciously exceeded the limits of reasonableness. Their boards probably comprise the normal spectrum of saints and sinners; but somehow they have allowed themselves to be collectively swept along by the prevailing paradigm of success which is purely financial, and that in turn has led to unreasonable behaviour.

We are reminded of the African tale of the Earth Mother placing a fig tree into the care of a troupe of monkeys. However, the monkeys not only ate the fruit, they stripped the bark and broke off the branches as well. In other words, they went beyond reasonable greed. When the Earth Mother returned, the fig tree had withered and died and the skeletons of the monkeys lay scattered on the ground.

As the title of our book suggests, we do not expect humankind to dispense entirely with its selfish side. We will always want some measure of success in material and spiritual terms for ourselves and our families. But when an individual, a family, a clan or a nation pursues its self-interest to the point of unreasonable greed, the whole system risks collapse. We all have heard of the American dream: the idea that anybody can become a 'somebody' in the land of freedom and opportunity. That dream will end in tatters if it doesn't become more universally applicable - to anybody anywhere in the world.

Bluntly put, we are seeking a Reformation in business along the same lines as the one precipitated by Martin Luther in 1517. On October 31 of that year, he wrote an attack on the sale of indulgences (remissions of punishment for sin) in 95 theses which he nailed

to a church door. His basic point was that the Church had become too interested in enriching itself at the expense of its true mission of providing spiritual leadership. It had lost the support of the population at large with its mercenary practices and obsession with grandeur and wealth.

In exactly the same way, the modern corporate world has lost the confidence of the person in the street. The high priests of business – the board of directors – are perceived as just another example of a group of privileged people driven by unreasonable greed and feathering their own nests. The customers and shareholders come a poor second and other stakeholders trail even further behind. The modern equivalent of indulgences is an astronomical salary, a large wad of share options and a corporate jet. And the modern equivalent of the flowery and unintelligible prayers which the Church used to recite in order to extract its indulgences from the peasantry is the purple prose and lofty sentiments expressed by companies in their mission statement, combined with a set of accounts that only the initiated can understand.

Eventually, we hope to persuade you to join us in starting a chain reaction where one day the international community will say: it's a miracle how business has turned its back on unreasonable greed. Mahatma Gandhi summed up our message better than we can: "The Earth has enough for everyone's need but not for everyone's greed".

Source:

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