

Too Big to Fail? Money, Power and Ethics

Introduction:

On April 24 and May 1 (2012), PBS network's FRONTLINE, presented a four part series: *Money, Power and Wall Street*. Historical explanations, and interviews with finance managers, politicians and government regulators, documented why domestic and worldwide financial markets crashed, four years ago.

FRONTLINE's series begs the question: how did our institutions and worldwide economies get into such a mess? Are today's financial institutions too big to fail? What happens if they do, with references to Bear Stearns, and Lehman Brothers?

Intention:

The following article will apply Christian ethics to the issues and events, which FRONTLINE identified. Ethics asks:

- Whose world is this?
- Whose and what values govern it?
- What are the consequences when these values are not followed?



Explanation:

Three 'deadly sins' are evident in what happened in our economies:

- amorality
- absence of legislation-enforcement
- absence of legislation

Amorality: Amorality is the application of self-referenced values. 'If I think something is good according to my values, I will do it. My reference point is self, and what I decide will be done.' (Note the emphasis on "I").

In many of our financial institutions, markets and government offices, amorality is evident. Politicians cozy up to lobbyists for campaign contributions. Lobbyists cozy

up to politicians with cash to advance their special interests. Their interactions are centered in self-interest, greed and fear.

Absence of enforcement: Amoral activities by lobbyists and some politicians affected market regulation. Existing laws were selectively enforced in untimely and/or incomplete ways. The results have brought public outrage against management ethics and financial losses, and cynicism towards government. The public has lost trust in government regulators to do their jobs, diligently.

Absence of legislation: (risky) proprietary trading in credit default swaps and derivatives are primary causes for damages in national and international economies. Each of these trading activities developed and prospered in the absence of legislation. In that absence, fear, greed, self-interest, and two-way lobbying worked with impunity.

So What?

To survive and function at any level, people and institutions share core principles by which they manage what they do. These principles are ethics.

- Ethics asks: *to whom am I responsible and for what?*
- Christian ethics asks: *how am I responsible to God for what I do?*

Christian ethics recognizes that we live in a moral universe. Our response is: this is God's world, and we are accountable to God for everything we are and do. God's ethics have four underlying principles.

Sovereignty of God: God is sovereign in Creation. This is a strong theme throughout Scripture. God gives us freedom to choose how we may respond to God. Scripture and the Church inform our choices with consequences for what we decide.

Consequences of the 'three deadly sins' are now self-evident. People have lost their jobs, savings and homes. Financial markets are unstable. Public trust is shaken in banks, investment firms, insurance companies, market regulators, politicians, political parties and governments. God does not tolerate me-centeredness.

Stewardship: is another prominent theme in Scripture. This is God's world; all things come from God, and everything is God's. God wants us to enjoy everything in Creation, which God extravagantly shares with everyone. We are expected to respond to God with gratitude, and share with our neighbors. We are not owners; we are God's caretakers or stewards. There is no place in God's world for greed!

Justice: is prominent in Scripture. It is rooted in God's sovereignty. God's justice establishes, defends and prospers the well being of all human beings. Its laws (10 Commandments) and values (love God, love self, love one another) define God's expectations for humanity. There are consequences for violating God's justice. Scripture comes down hard on this point: God does not tolerate injustice!

Love: 'God is love' is Scripture's central theme. God's love is modeled for us in Jesus. Yes, God loves us unconditionally. Also, God expects us to love God and other people, as we love ourselves. Love is not an option. There are consequences when we make self as our center for being and doing.

Conclusion:

Are financial institutions too big to fail? The answer depends on what values we bring to the question.

By Christian values, they can and will fail, unless their values change. Whether we like God or God's values is irrelevant. This is God's world, and God's values will prevail.

So, the question for stockholders, managers, regulators, and politicians is: whose values will they choose to live by? Theirs: self-interest, fear and greed? Or, God's: sovereignty, stewardship, justice and love?

The past is tragic because it was avoidable. The present gives us opportunity to learn. What values will we adopt, going forward?

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