The Credit Crunch – the Feast of S Matthew 2008

When Saint Matthew forsook his career in taxation, he was turning his back on a highly lucrative enterprise. Collecting revenues in those days was not employment as such, but more of a franchise.

A man would be assigned an area and a sum to render to the state coffers; everything else he managed to accrue was his to keep. Through a blend of taking money with menaces, soliciting bribes and deceit, the profits could be huge. Often, tax-gatherers would branch out into illegal money-lending and other speculative activity, which served only to multiply a fortune. The size of the income possible is indicated by the huge gesture of compensation offered by Zacchaeus to his clients when Jesus called for lunch. We can hardly be surprised, therefore, that tax collectors did not feature on anybody's most-popular list.

It is an interesting coincidence that the feast of Saint Matthew should fall at the end of a period, which has seen the collapse of Lehman Brothers, the fourth biggest American investment bank, the effective disappearance of Meryll-Lynch, the nationalisation of Freddie Mac, Fanny Mae and AIG, the effective buyout of HBOS together with continuing uncertainty over the futures of Morgan-Stanley and Goldmann Sachs. Huge and powerful companies, who until recently dictated terms to the world, are no more; and after their obsequies are complete, their names, which daily featured in the financial columns of decent newspapers, will be forgotten. Who knows how many others are keeping their heads lowered in the hope of escaping the predatory attentions of the markets, whilst simultaneously keeping their fingers crossed that they have not bought the glitz- wrapped junk, which has felled the giants of the financial world? The extent to which they were responsible for their own demise varies from company to company, but the underlying cause of this great upheaval is greed: greed, which ignored the obvious fact that the scale of profits was unsustainable; greed, which circumvented the paltry regulation that there was by creating the derivatives market – an entity, which few if any properly understood; greed, which tempted an unknown number of people into outright fraud, dishonest activity, which could easily be lost in the frenetic pursuit of selfish gain.

So much for the bankers, but as I am learning, almost daily at the moment, I, we, were happy to ride on the back of this mirage of wealth creation. Sufficient was trickling down into pension funds, trust funds and personal investments to silence any real criticism. We bought into the story that it would last for ever. When European and American domestic economies reached their limits of financial harvest, there was China, India, Brazil and some other nicely emerging markets to which to move. Vast numbers of organisations have laid plans for years to come in the expectation that their investments would continue to yield a generous bounty … but it has all come to a juddering stop.

In the eye of the crisis, a number of perspectives have emerged. First, in the race to assign blame, one could almost draw the conclusion that, in fact, a rootless streak of misfortune emerged ex nihilo to confound our virtuous markets. Secondly, that this is just a phase and after a little bit of collateral damage, we can all continue as before. Thirdly, it seems that there are some financial institutions that are just too big for governments to permit to fail without unspeakable knock-on effects – no matter how reckless their executives may be. Fourthly, and most worryingly of all in view of the last point, there may be a few institutions that are too big to save. By the time that the situation has been resolved, the US government is likely to have spent a million million dollars, if not more; and, surely, such a bill requires us to reflect on those four perspectives.

We need honestly to recognise and accept that the events of the last few months were not some unforeseeable twist of fate, but the all too predictable consequences of the policies and strategies of the financial world: policies and strategies, which are not inevitable choices. We have not merely passed through a phase of an unalterable cycle. To be sure, in an imperfect world there will be ups and downs; but surely we must order ourselves in such a way that we protect society – the poor and vulnerable, in particular - from the catastrophic declines by carefully managing the good times. This must require that we address the perils of institutions that are so large and powerful as to be beyond effective containment if – when – they go wrong. The technical challenge of restoring order where currently chaos reigns is a task for governments and financiers; but the will to act in a way, which will not simply sow the seeds of the next collapse, shall need to be much more widely shared.

As I mentioned a moment ago, we were all happy to share in the bounty, which was the period of plenty. Now we have been confronted with the real cost of those times, we face a choice. Either we can trim our expectations of the scale of prosperity, which we expect of the world, or we can know that it is only a matter of time before it all happens again. Obscene as some city pay and bonuses may have been, they are far from being the sole cause of the problems: indeed, perhaps, more a symptom. Most, if not all of us, have been busy spending the profits. In the wake of the collapse of Northern Rock, I mentioned how many peoples' jobs and livelihoods were funded by the Foundation: and that was just one very little part of the edifice. Revenues from the financial institutions comprise about a quarter of our national income - of the taxes that fund our public services – to say nothing of the income that has accrued, one way or another, to our individual wealth.

Today we celebrate the life of Saint Matthew, a man who turned his back on the selfish pursuit of gain in response to Christ's call. In the past few months, we have seen the consequences of failing to make that choice – together with a glimpse over the brink of something that is potentially infinitely worse.

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