The message is simple. We are told that the age of ‘neo-liberalism’ is over and that a new age of social democracy is dawning. Neo-liberalism has been destroyed and discredited by its greed. The state must step in and restore the balance in the world. It will be our saviour from the sins that are committed when individuals and businesses are allowed to engage in commercial activities without sufficient surveillance and regulation.

It is a powerful story that appeals to our deepest moral instincts. Both the classical and Christian traditions on which our civilisation is based regard avarice as a particularly obnoxious activity, worse than the pursuit of glory and honour. It is a story with which the Roman historian Sallust and the great Christian theologian St. Augustine would readily concur. But is it true?

Greed is something that can be found in all human communities. Human beings seek to enrich themselves. They can do so by commerce, by crime and by war; it goes without saying that commerce is the only acceptable means of enrichment in a civilised community.

It is far better that individuals pursue riches through trade and investment than that they resort to plunder and war. Following Benjamin Constant, modern liberals recognise that we live in an age of commerce. This means instead of organising ourselves in terms of phalanxes and cohorts to go to war, we seek prosperity through public companies, buying and selling stocks and by lending money for interest.

Greed cannot be eradicated from human nature. As a good Christian, Kevin Rudd should know this to be the case. But it can be tamed and made to work for the public good. The important thing is that there are other human propensities, such as the lust for power, and the pursuit of glory, which can be at least as harmful to civilised existence as greed. In many pre-modern societies glory and power were preferred to greed because it was soldiers and mandarins who had the social prestige. Merchants and bankers were decidedly lower class. Mandarins and academics still often think in these terms.

Greed can have beneficial effects. It is because men and women seek to enrich themselves that they develop new industries and create new products, thereby creating wealth, employment and an enhanced standard of well being. The Romans, who preferred glory to greed, were great innovators in one area only, warfare. In this way they resembled the Soviet Union. The Chinese, who at one stage produced many innovations, ceased to do so once the mandarins attained dominance under the Ming.

Without greed we would not have many of the conveniences of modern living. No-one would want to see greed eradicated because, to paraphrase an old saying, private vices can indeed provide public benefits. Equally the pursuit of public virtue, for example the policy of prohibition in the United States last century, can lead to a lot of private misery.

What then should be the place of greed in a modern civilised community? In a secular society human beings express

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their distaste for it as a characteristic of individuals and yet as a society we cannot live without it. Why should this be so?

In part this is because we have inherited moral traditions that tell us that greed or avarice is a particularly obnoxious form of human behaviour. Traditionally the Church condemned the practice of lending money for interest, just as Islam continues to do. There is also the traditional image of the fat man devouring as many resources as he can. In fact, we all find immoderately greedy individuals unpleasant.

The problem might be that what we find unattractive about the greedy individual is their excess. But in many ways this is a caricature. In the nineteenth century excessive alcohol consumption gave rise to the Temperance movement. This should have encouraged moderation. Unfortunately what it came to mean for many people was prohibition.

Just as alcohol is only dangerous in excess, the same is true of greed. Just because some people become addicted to it is not an argument for banning it. A desire to improve oneself, to make money and to live a prosperous lifestyle is like having a glass or two of red wine each night with one’s dinner. It does little harm and the harm is more than balanced by the good that it does. We should not make a blanket condemnation of greed on the basis of the excessive behaviour of a minority any more than we should ban alcohol because some people drink to excess.

An equally big problem is that the alternative to greed, putting all our activity under the tutelage of the state, is much worse. Many intellectuals make the preposterous assumption that somehow the state and its employees are somehow more moral than other people, especially those in business. The fact is that those who run the state are also driven by greed and the lust for power, but as their opportunities for enrichment are limited, they compensate for this by the quest for power.

The history of the modern world has seen the growth of both the state and the commercial world, sometimes in close embrace. The great German sociologist Max Weber was concerned with the consequences of the growth of state power and the tendency for bureaucratic excess to stifle initiative. To counter the dead hand of the state he argued that any modern society needed entrepreneurs to inject life and activity into it.

He knew that any society that allowed its state bureaucracy to grow excessively could expect to lose its dynamism and energy, and become stagnant. One has only to look at Russia under Soviet rule to see the truth of that statement. Put the state in charge and expect not only individual greed but also innovation and prosperity to dry up.

Following Weber, it can be argued that the real problem of modern society is not greed but the ever expanding power of the state and its tendency to turn us all into form filling zombies. The history of the last one hundred years in Australia confirms this argument. In its lust for power the state has grown enormously as more and more aspects of our existence have been seen as worthy of state regulation.

The so-called ascendency of neoliberalism over the past thirty years may yet be seen as a quixotic attempt to turn back the tsunami of state growth. Neoliberal policies were introduced, we should remember, because in the early eighties excessive regulation was threatening to destroy Australian prosperity. Hawke and Keating acted because they believed that there was no point in building social democracy if it simply meant sharing poverty.

In any case, even with neoliberalism, the size of the state has increased during this period. How much more will it grow if we accept the new ideal, Kevin’s ideal, that the state is good?

The problem is that in drawing attention to the deficiencies of business, and by appealing to traditional prejudices about human greed, Rudd draws our attention away from the equally important defects of the bureaucratic regulatory state. We should not allow him to get away with this trick. The sorts of problems now facing Australia are, if anything, worse than those facing the country in the eighties. With an aging population we face the possibility of being overwhelmed by the expense of running an ever expanding health and welfare sector.

We need to generate the wealth that will allow us to meet that challenge. That means tapping into the human propensity for greed. We cannot do without it. Encouraging the growth of the state as the supposed antidote to greed will only ensure that in 2020 Australians will no longer have the resources they need to meet the challenges of this century.