

People, organizations need to work together to solve crisis, say CEOs

RYE, N.Y. – The financial crisis is a “perfect storm” that resulted from a long-simmering set of circumstances.

But pointing the finger at who is to blame is not a constructive response when what is needed now is for individuals and organizations to work together to minimize the impact of the crisis, according to two prominent Catholics who head investment firms.

Thomas J. Healey, president of Healey Development, which specializes in alternative investment activities, and Geoffrey T. Boisi, chairman and chief executive of Roundtable Investment Partners, a private investment firm, discussed the current financial crisis in separate interviews with Catholic News Service.

Historically, Mr. Healey said, there has generally not been a specific trigger to financial crises, but rather a cascade of events.

In the current case, he cited the failure of Lehman Bros. and the impact of the subprime mortgage market as the key factors.

Mr. Healey said that greed was involved in the packaging and resale of mortgages, but “it was not a criminal conspiracy. No one did illegal things. They did thoughtless and stupid things and showed bad judgment.”

He said that the financial system is frozen and a series of steps will be needed to re-liquify the financial markets.

Mr. Healey expressed confidence in Federal Reserve Chairman Ben Bernanke. “We’re in a war, if you will, where we’ve got very good generals,” he said, noting that Mr. Bernanke studied the Great Depression exhaustively during his academic career.

The magnitude of the crisis is unpredictable, said Mr. Healey, but parishes and

schools will quickly feel its impact as unemployment rises. There will be more demands on the resources of parishes, some families will be unable to pay school tuition, and an increased feeling of cautiousness will likely result in reduced charitable giving, he said.

Mr. Healey said the church will have a “direct opportunity for compassion and action” and that the Catholic Church’s cooperative response to Hurricane Katrina could be a model for its assistance to people who will be impacted by the financial crisis.

“The Catholic schools in New Orleans reopened a full year before the public schools,” he said. “Catholics are generous and motivated to care about others. The Catholic Church has to make the message clear and prioritize where it is doing its work.”

Mr. Healey said people in the pews are still recovering from the fallout from the clergy sexual abuse scandal and that increasing transparency of financial reporting on the parish and diocesan level will raise people’s willingness to help one another through the church structure.

“Bishops and priests need to make a strong case that money will go to the people who need it,” he said.

Mr. Boisi told CNS that “there’s plenty of blame that can go around to a lot of people, but it’s too facile and it’s wrong to generically cite Wall Street as the sole or even primary culprit” for the financial crisis.

“They were clearly part of it, but there were many other major participants including both houses of Congress, a convoluted and conflicting regulatory system, several administrations spanning both political parties, the accounting policymakers, rating agencies, mortgage originators, packagers and syndicators,” he said.

“Some responsibility goes to aspects of the American public who lost their discipline and common sense in overextending themselves with easy credit,” he added.

Mr. Boisi said, “Now is not the time to debate who is at fault or play Monday morning quarterback. Now it is critically necessary for all Americans to work

together to reignite the confidence and trust in our financial system and remember that the taxpayers and investors are, by and large, the same people.”

The loss of capital created by the financial crisis will have a major impact on the nonprofit sector, said Mr. Boisi, including churches and the nonprofits associated with them.