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Financial Ethics trapped by Financialization

Western societies find themselves today in a paradoxical situation in relation to finance. Western man is at work simultaneously exposed to the pressure of efficiency and the risk of unemployment, both for the sake of stock-market prices; in his private life, as a consumer, he is harassed by consumerist temptations and payment obligations; and finally, as a human being and in some cases parent, he attempts to resist all these pressures and to preserve an area of independence and truth – a haven of humanity, so to speak. Financial logic underpins all these pressures. But why is there all this pressure, which can sometimes lead to physical or mental violence?

Supposedly, it is all in his best interests! Western man is the ultimate beneficiary of the forthcoming fruits of financialization – provided, of course, that he puts all his daily energies into ensuring the smooth running of the economic machine in which he has invested all his hopes (and all his money). Under the terms of the economic pact that underpins Western society, today's saver/shareholder will, when he retires, enjoy the fruits of his years of work. It is this prospect of a life of leisure that explains the sacrifices free societies accept in order to accumulate financial value.

The material progress achieved over the past two centuries owes much to the Western world's ability to save and invest. The industrial revolution took place and has continued in successive waves up to the present day thanks to financial techniques that have

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enabled savings to be invested on a large scale. Throughout most of this period, savings were used for projects which were certainly profitable but did not have financial performance as their main goal. Finance was a necessary but not sufficient means towards other ends. It thus admitted its inability to determine goals. More recently, when infinite multiplication of assets becomes an end in itself, an ultimate goal that predominates over all others, finance becomes a tyrant.

Although fear of the future leads to precautionary behaviour and accumulation of resources, it tells us nothing about how to use these resources (except in emergencies). «How to spend it?», the title of the glossy supplement to the world's leading economics and finance journal, the London *Financial Times*, reflects this inability of «assets» to give meaning to existence. The question of how accumulated wealth is to be used cannot be divorced from that of meaning. It is no accident that ostentatious philanthropy and patronage are now so fashionable. It is therefore natural to return to the dilemma «Finance – servant or deceiver?» by asking some questions about meaning[1].

Is finance a means to an end, or an end in itself? Where are we today, tossed back and forth between the thankless nature of finance as a means and the euphoria of finance as an end? Financialization is dragging the West, and with it the rest of the world, into the arms of finance the tyrant. Is this an endless deterministic process guided by the iron hand of human history, a process that contains its own inherent limits – or an open-ended process that can be contained if we have the will and the strength to do so? Three aspects of the problem will be discussed here: (1) the three limits inherent in the financialization process, (2) its external limits and (3) possible ways of intervening to curb it.

(1) This contribution is based on Dembinski 2009.

⇨1 Limits – inherent in the process itself

⇨1.1 The spectre of sterility

Financial transactions provide a way for non-captive partners in a relationship to escape from it by objectivizing the value that was hitherto built into it by markets, through prices. It is therefore not surprising that efforts to «enhance value» are part of the arsenal of those who seek to get out of relationships with a profit and those who make their living from transactions. All the transactional «noise» is, in principle, external to the actual relationship. The potential, or value, of a relationship is known above all to the partners on whom it depends. They are happy with their relationship and do not need to shout about it from the rooftops. Since the relationship is by definition open to the future and since the future depends (among other things, of course) on the partners' trust, loyalty and commitment, it has no objective value that is independent of the partners. It is thus an untransparent reality, one that is both fertile and fragile. As we have seen, financialization involves large-scale exploitation of relationships for transactional purposes. This process will have a direct impact on relations between partners in relationships. They will become more cautious, and less willing to commit themselves to new relationships.

What happens in a relationship when one of the partners starts looking for ways to get out of it? As soon as the captive partner becomes aware of this, he will develop a sense of insecurity which will erode trust and may even lead him to adopt cunning retaliatory or countervailing strategies. Such behaviour will deprive the relationship of part of its substance and its development potential. The resulting masquerade will have potentially devastating economic and social consequences and may ultimately destroy the relationship altogether.

The commitment on which fertility, growth and multiplication depend in turn depends on trust. Investment projects presuppose and rely on cooperation and hence trust between the partners – in other words, lasting relationships. The root of all investment is openness, acceptance, trust and even self-denial in the hope of return and profit. All this is only possible in a lasting relationship. Failing this, distrust of the future, and of the other partner, is likely to prevent cooperation and creativity, by freezing them into a mechanical sequence of tit-for-tat transactions. This will destroy any potential for cooperation. A relationship is by definition a succession of imbalances which, as in the process of walking, makes it more dynamic and increase its potential. The prospect of transactions makes relationships sterile and leaves economy and society less flexible. This is what happens when, instead of trusting in the other partner's ability to rebalance the relationship if necessary, each partner is looking for ways to get out of it.

What is the point of establishing new relationships if distrust is growing? When distrust increases, each partner seeks to protect himself and to control the other partner's activities and performance. This makes the relationship economically less efficient, increasing its costs and reducing its productivity. Any relationship that is merely formal will rapidly cease to be profitable. The limit will be reached when the costs of monitoring or supervising each other approach what the relationship can reasonably be expected to produce. At this point the relationship becomes sterile. When distrust is widespread, there can no longer be any cooperation, or creativity, or innovation. Economic sterility looms. This is the first of the limits inherent in financialization.

Sterility surely reaches its height when financial relationships are established not because of their creative potential but merely so that they can be valued by a market and then resold. Such extreme exploitation of relationships for transactional purposes was condemned in early 2007 by the Bank for International Settlements, which termed it the «originate and distribute» strategy. Before the subprime crisis of mid-2007 gave it a moral dimension, this condemnation was a purely technical one, on the grounds that purchasers of securities had no knowledge of the underlying relationships. When relationships are established merely for transactional purposes, we are dealing with a clear inversion of ends and means. As the subprime crisis and the financial instruments created in its wake make only too clear, a good deal of financial innovation in recent years has involved precisely this kind of inversion.

⇨1.2 Complexity

The spread of transactions involving increasingly sophisticated components of economic reality has made the whole system a good deal more complex. Transactions and the underlying relationships are more and more strictly regulated and cannot be understood, or realized, without whole teams of qualified intermediaries.

This increased complexity is due to several factors. Today's computer and database resources make it possible to grasp increasingly refined elements of finance and to carry out sophisticated transactions with almost infinite precision. The handling of vast sums to an accuracy of mere hundredths of a percent requires an extremely complex technological and regulatory apparatus. The fragility of the market mechanism has been discussed at length in the previous pages. To preserve its theoretical efficiency, modern society has hedged it about with an increasingly dense set of rules and procedures.

The difficulty of correctly diagnosing recent upheavals, such as that caused by Long Term Capital Management crisis in 1998, is partly due to the dense network of linkages. The system has become so complex that even the best-informed players, including central banks, are unable to grasp it. The web of risks and conditional contracts is so complicated that global finance is increasingly treated as a compact, total entity – an anonymous process – in which individual players' autonomy is reduced to almost nothing.

Even the most sophisticated player cannot cope with this complexity, and individual operators attempt to mark out the terrain by establishing procedures that will at least enable them to grasp specific segments of finance. This is true for sustainability indicators as well as for Corporate Social Responsibility matrix that are developed today by civil society and rating actors. Governments do likewise, laying down standards and regulations in specific areas and imposing them on operators. Yet the complexity remains. Mere proceduralization accompanied by strict division of responsibilities cannot cope with it, for finance is an intrinsically innovative activity and markets are not, by definition, open areas. Although proceduralization has revealed its limits, especially in times of crisis, it is still the only method used both at institutional level and throughout the system. Despite attempts to channel developments, the changes described above are inevitably turning modern finance into an anonymous process – a plane with no pilot and a huge number of passengers.

Like distrust, the complexity of modern finance, with its hidden, unpredictable risks and frailties, is the second limit inherent in financialization. Beyond a certain point, growing complexity could plunge financialized societies into chaos – as some of the scenarios in mathematical catastrophe theory indeed suggest. According to this theory, the most complex systems may find themselves out of control as a result of minute changes. Researchers have used such theories of complexity to explain the collapse of various societies in the course of history, suggesting, for example, that excessive complexity was a major factor in the collapse of social orders such as Ancient Rome (Tainter 1988). On the one hand, complexity is a source of efficiency and precision; on the other, it is a source of fragility and management and monitoring costs. When costs – which today are largely socialized – exceed efficiency gains, financialization will no longer serve any economic purpose. Things will then go into reverse, but the process is likely to be messy.

⇨1.3 Concentration of economic power

Financialization is based on, and in turn amplifies, concentration of economic and financial power. The emergence of savings silos such as pensions fund and investment funds has created mega-players who are able to handle unprecedented sums, thus greatly speeding up the development of financial transactions and so fuelling the financialization process. To control their costs, particularly intermediation and management costs, these mega-players have encouraged the emergence of intermediaries of similar size. Liquidity has been channelled towards the largest markets, which are the only ones capable of absorbing it, and stock-market capitalization in the OECD countries has skyrocketed as a result (as has the volume of transactions and commissions). Thus, as we have seen, there has been a consolidation of large intermediaries, and remunerations have been greatly polarized. The same process is equally evident among quoted Very Large Companies (VLC), the hubs of the real economy.

It is clear that the moral, technical and social legitimacy currently enjoyed by the principle of proportional remuneration of capital has, for purely mathematical reasons, speeded up the concentration process. Today, this process has been further boosted by financialization, with its vast number of transactions. Ideologically, this trend has been justified by the doctrine of shareholder value. The beneficiaries are financial intermediaries and foremen in businesses, and only to a marginal extent the final recipients – present and future pensioners. Financialization has not increased their pensions or reduced their contribution periods, but in the meantime some directors and intermediaries have seen their incomes rocket high.

This concentration of economic power would seem mainly to involve Northern countries, but appearances are deceiving. The globalization of their supply and distribution networks means that listed VLCs now influence the economies of both the North and the South. The concentration of resources and the main economic levers in the hands of so few has not gone unnoticed by the starving masses of the South. While the North will soon only be working to guarantee its pensions, the South can still barely earn its daily bread. Although a few Southern countries have managed to keep up with the leading group, such inequality cannot continue to grow without eventually triggering a response of some kind – expulsion, rejection or outright aggression.

The recent and widely noted emergence of sovereign wealth funds has given the North good cause for concern. Massive investment by these funds in banks weakened by the 2007-2009 crisis may herald a new inversion of trends. It may turn out that the new shareholders do not revere shareholder value and intend to use their newly acquired power for purposes other than simply increasing their assets. This may be one way in which other goals, including political ones, will start to challenge and threaten financialization on its own turf. The same could be said about – but with many qualifications – about the emerging investment vehicles organised around the philosophy of sustainability and corporate social responsibility. However, their «firing power» is, for the time being, much smaller and less focused than the one of sovereign funds.

Concentration of economic power in the hands of a small number of financial players, including sovereign wealth funds, threatens the future of financialization, for it suggests that growing inequality may no longer be tolerated. As the history of the world has shown, the affluence and dogmatic arrogance of the few may eventually become unbearable to the excluded masses (Ziegler 2005). Thus the growth of inequality, as reflected by a large number of national and international measures, should be seen as a possible limit to financialization.

⇨2 Limits inherent in human nature

Besides the limits inherent in financialization itself, the process may also run into external obstacles. Three of these deserve brief mention here: (i) the widespread sense that life has lost all meaning, (ii) the erosion of ethical principles and (iii) the sense of ethical alienation and helplessness. These obstacles may well be inherent in human nature.

⇨2.1 Transactions: beyond conflicts of interest

Anything goes in the pursuit of financial efficiency, including things which seemed unacceptable only a few years ago. The long list of scandals and dubious practices exposed by the media shows that today's «winner-take-all society» has less and less time for losers (Frank/Cook 1996). The struggle for economic survival is almost bestial, sometimes suggesting a Hobbesian war of all against all. In such a society, the weak, the

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naïve, the gullible, the less well educated and immigrants are not objects of sympathy, but targets for marketing and opportunities for others to make money.

Confrontation and aggressive pursuit of profit are emerging in areas in which trust-based relationships prevailed until recently – areas in which commissioned agents were supposed to act in their clients' best interests. This is the case in all areas in which knowledge is asymmetrical, and hence in most service sectors. Doctors, lawyers, accountants, sales advisors – even asset managers – traditionally had a moral duty to defend their clients' interests, if necessary at the expense of their own monetary interests. This duty was part of their professional ethics and hence was passed on from generation to generation, and at the same time it was founded in the prevailing moral principle that people should not exploit each other. Agents torn between loyalty to their wallets and loyalty to their clients were thus internally equipped to resist temptation. Today, as a brilliant analysis by Tamar Frankel has shown, things are changing: in professions which were until recently based on respect for clients' interests, there is a growing shift towards strictly contractual relationships. Such a change only makes sense if the partners have equal knowledge – which is clearly not the case with professions specifically based on know-how and expertise. This shift towards contractualization, which is a form of transaction, is part of a wider trend that is pushing relationships into the background.

This trend further strengthens the agent's position, for once the contract is signed his only duty is to perform the tasks specified in it. At that point, the question of whether the client understands its meaning and scope becomes irrelevant. This trend towards contractualization of all services is part of professionals' pursuit of legal cover and their wish to shed the ethical principles that formerly required them to defend their clients' or patients' interests (Frankel 2005).

This trend leads to situations in which trust-based relationships can be abused quite legally. Trust and service no longer count – only transactions matter. If the trend were to persist, it would erode one of the cornerstones of civilization: the idea that the strong have a moral duty to take care of the weak. This minimum duty of care is the basis for society and for solidarity. As Albert Tévoédjrè has indicated, the rise of transactions may, unless it is contained by ethics, undermine the very foundations of society:

> The ills of the industrial civilization have their origins in the principles applied at grass-roots level in order to increase production and profit: concentration and specialization [...] From the moment industrialization «specializes» the individual, every time the economy switches from use-based to exchange-based, one sees the family reduced to its most simple expression. The accumulative society certainly enjoys an extraordinary ability to take things over […] But can the society itself be said to truly exist?
> (Tévoédjrè 1978, 33)

In a book that caused a sensation at the time, George Soros recalled that even the most perfect market could end up destroying the social nexus unless it was contained in a firm cultural and ethical corset (Dembinski/Bonvin 2000, 56-60). The previous pages have described the mechanism whereby trust is systematically exploited by transactions performed solely with a view to capital gains. This value-extracting process driven by financialization is having a destructive impact on society. It is feeding an unhealthy self-perpetuating pattern, for no-one wants to lose out. This race for transaction premiums may irreversibly blight the social fabric. From a societal as opposed to purely economic point of view, efficiency gains that can be quantified in terms of increased national product must be set against their destructive effects on society, which are very real, even though unquantifiable and almost invisible. The only way to stop this process of erosion is to take action to put relationships and transactions back where they belong.

⇨2.2 Ethical alienation

The spread of procedures and regulations is intended to organize society as rationally and efficiently as possible – to make it predictable, standardized and controllable. Proceduralization – which simply means chopping up relationships into separate segments, or transactions – is part of an attempt to depersonalize processes and make roles interchangeable. If there is a detailed procedure for everything, it will no longer matter whether Tom, Dick or Harriet is pressing the keys or performing the transactions.
Use of procedures also means that responsibility is broken up into pieces for each separate stage of the procedure. All those involved are thus well aware of their «own» responsibility and feel no need to think about the meaning of what they are doing, i.e. the meaning of the chain of procedures in which they are involved. Ultimately, no-one feels responsible for the overall result, but everyone feels an exaggerated technical responsibility for his or her particular segment. No longer knowing why they are doing what they do, they become mere operatives who simply obey their superiors rather than using their common sense and their instincts. In a compartmentalized world that prevents them from seeing the big picture, they tend to withdraw into themselves and stop thinking, obeying authority either because they are afraid or because they can no longer rely on their own survival instincts (Milgram 1974). Totalitarian

regimes have never demanded that everyone should believe in all their ideas, but have simply required people to obey authority and carry out precisely defined tasks in meticulous detail – a phenomenon described in numerous works on Nazism and Stalinism.

Finance, with its promise of an utterly risk-free society, is not actually totalitarian, but it is certainly «totalizing». Its complexity makes it very suitable for division of responsibility, which insulates players from the consequences of their acts. This is because (a) markets dissolve individual operators into the broad mass, which by definition relieves them of responsibility, and (b) finance, which involves manipulation of symbols in its purest form, is kept remote from its consequences by technology and by its language of ratios and percentages. Above all, players are insulated because they work in the closed environment of finance, where they feel more powerful than other economic players (Dembinski/Bonvin 2000, 6-21). Finance is thus unquestionably a fertile breeding ground for «ethical alienation». Like Marx's workers, who are alienated because the pursuit of industrial efficiency denies them contact with the end product of their labour, manipulators of symbols are bound by rigid procedures and can easily become indifferent to the meaning and implications of what they do. In many cases ethical alienation becomes a habit – especially since the rewards are so high.

Several decades ago, Stanley Milgram showed that ethical abdication is a typical feature of situations in which people obey authority. Yet the market economy is in theory based on free interaction between players, whereas in practice it is the product of free societies. The spread of ethical abdication among people who claim they are acting under the pressure – and in some cases the authority – of impersonal forces, and hence of behaviour similar to that analysed with such acuity by Stanley Milgram, is therefore particularly disturbing.

⇨2.3 A sense of helplessness

Ethical alienation – the abandonment or loss of criteria other than those of efficiency – leads to a sense of helplessness. This paradoxical feeling is clearly expressed in the French documentary *Ma mondialisation* (Perret 2007). In an economy theoretically based on freedom of choice, it is striking to see that all the real-world players say that they have no choice, and hence that they are acting under duress. This is because the all-out pursuit of efficiency is driven by implacable anonymous processes. It is presented not only as a benefit, but as the sole criterion for behaviour. This piece of sleight-of-hand allows it to take over the area reserved for goals and eventually to be perceived as the only true motive for human activity.

Technology is a field in which the efficiency ethos can easily become entrenched. Yet the implacable logic of technological responses increases people's sense of helplessness. In the same way, markets – the mass of nomadic shareholders – impose their «sentiment» on individual operators and drag them along with them. The only way to overcome this feeling of helplessness is to reformulate the problem – not just in terms of «how?» (a purely technical question) but also in terms of «why?» (a question which takes account of goals). Although this is not easy, it is essential if we are to escape from the technical totalitarianism that is feeding on this widespread sense of helplessness.

The end of religious and moral control over the economy coincided with Adam Smith's recognition of economics as a separate discipline. The end of social control over the economy was proclaimed by writers such as Karl Polanyi, who described the end of the «embedding» of the economy in society as a «great transformation». In the last quarter of the twentieth century, globalization finally ended political control over the economy and finance. The financialization process is not only the culminating phase of this development, but also marks the establishment of economic thinking as the predominant paradigm. Today, economics and finance are not only free from metaphysical, societal and political control, but, in the absence of any countervailing forces, have come to prevail over metaphysics, society and politics. Given the current predominance of financialization, calls for political control to be re-established over the economy are little more than pious hopes or idealistic incantations that seem unlikely to be heeded any time soon.

⇨3 What is to be done?

Yet, however financialization may seem powerful, it is not some deterministic historical «law» whose progress cannot be halted. People's sense of helplessness is thus not entirely justified, although not everything is possible and what is possible cannot be done at once. In today's world, financialization has solid intellectual, social, institutional and regulatory foundations. Over the past quarter-century it has become an integral part of everyday life in the West, and indeed the whole world – for other cultures have offered no resistance to the efficiency ethos and its battery of statistical indicators. Crump 1990).[2] Yet financialization is merely one of many possible organizing principles, and it represents a choice which, if taken to its extreme, is a threat to both humanity and society. As this analysis

(2) Thomas Crump (1990) shows that extreme quantification is the prerogative of Western culture, and explains that it was able to spread across the globe so easily because other cultures had no «antibodies» to the invasion of statistics and the concomitant notion of efficiency.

shows, there are other, currently less prominent principles which could take its place – among them the notion of the common good.
There is a permanent confrontation between various ways of thinking at every level of the social system: at the microsocial level of everyday behaviour and decisions, at the level of established mechanisms and at the level of institutions. Despite appearances, social and economic reality is not fixed, but is influenced at the margin by individuals' day-to-day decisions. The changes that have led to financialization will be halted only if they run into internal resistance or external opposition. Given the current predominance of financial thinking, the only kind of resistance strong enough to undermine it is one based on the question of meaning. The sustainability concern is a partial answer to the lack of meaning prevailing in the financial activities. The idea of meaning as the sole antidote to the implacable logic of technology has been forcefully expressed by Jean-Baptiste de Foucauld in the following terms:

> To opt for meaning [...] is to acknowledge that, available and present within us, there is a spirit, a moral awareness, a wish to love and to give that are peculiar to man – something whose origins and purpose we do not know for certain, but which we must carry, develop and affirm in the face of all opposition, against absurdity, stupidity and injustice and at our own risk, simply in order to be ourselves (De Foucauld 2002, 41).

Some fragmentary avenues concerning the various modes of causality whereby financialization has managed to permeate society will be briefly explored here. Perhaps the most powerful and fundamental process analysed here is the slow maturation of ideas. It took more than two centuries for the efficiency ethos to become the dominant, unquestioned paradigm and world view in the modern era. Our first priority for action should therefore be to resist this paradigm's attempt to monopolize meaning – for meaning is first and foremost a question of ends, and only then of means. The aim, then, is not to make financialization more moral, but to make it subservient to ends that respect human dignity and human nature.

⇨3.1 Challenging financial ethics

There have been countless ethical initiatives to make finance «more moral». They have all resulted in various professional codes of financial ethics, on which a number of now classic books have been published (Boatright 1999; Melé Carné 1998; Koslowski 1997). This approach to the issue of financial ethics – or rather ethics in finance – involves finding methods and regulations that will make financial transactions «ethical». The focus is thus on the way in which transactions are performed: measures to combat insider trading and increase transparency, the duty to keep partners informed, and the fight against corruption and trickery (as in the recent option backdating scandal). Each of these problems is important in itself, particularly as regards market organization and regulation and the establishment of compliance procedures within businesses. This is a key concern for all the institutions whose job is to ensure the integrity of markets and transactions. Yet, as our analysis has shown, the sole purpose of all these measures is to make transactions as mechanically «flawless» as possible. Most current efforts to promote financial ethics focus on these issues.

In fact, the technical quality of transactions is a side issue. The risk should be emphasized that the socioeconomic fabric may be undermined by the expansion of transactions at the expense of relationships. Putting too much energy into microregulatory issues may distract attention from the main threat that financialization poses to the system, namely that relationships are becoming sterile. Microregulation of markets and their environment will not suffice. In a lonely crowd of individuals linked only by transactions, the common good is an irrelevant and meaningless notion (Riesman 1950). All that politicians have to do at present is regulate, i.e. use procedures to prevent collisions between the countless market players, in much the same way as road traffic is managed.

⇨3.2 Encouraging long-term relationships

Financialization has become predominant through the gradual replacement of relationships by transactions. This process creates distrust, generates supervision costs and eventually makes cooperation, creativity and long-term commitment almost impossible. Relationships, and the common good, can only exist in the long term. In other words, the pressure of financialization is a threat to relationships. The only way to resist this pressure is to encourage long-term relationships. On this point there is a full convergence with the idea of stable and active «shareholdership» as put forward by some institutional investors active in the CSR framework.

In the case of joint-stock companies, «golden shares» are under pressure throughout the world because they imply that different groups of shareholders – stable, strategic shareholders on the one hand, and nomadic shareholders looking for a quick killing on the other – should be treated differently. However, the advantage of this arrangement was that it introduced a filter between the real economy and the turmoil of finance, allowing businesses a degree of strategic independence. The fact that some businesses are now being «de-listed» and that others are issuing fewer financial reports suggests that less exposure to stock-market neurosis may be good for them.

Emphasis on the long term may be reflected in working relationships, remuneration and even rewards for loyalty. Working relationships must involve more than just negotiation of legal conditions. Relationships that are not based on trust will remain hollow in both economic and human terms, and will become mere formal links with little or no potential (Villette 1996).

Rather than encourage formal relationships, it is important to make arrangements that will encourage trust within socioeconomic relationships. There have already been some innovative steps in this direction, from «solidarity finance» to microfinance projects and responsible investment initiatives based on long-term relationships between shareholders and businesses.[3]

Lasting relationships are also important when it comes to taxation, which is the material expression of taxpayers' links to particular parts of the world. There should be bonuses for staying in one place rather than, as it is now the case, for moving around (tax breaks for newcomers). Taxation must break out of the present vicious circle of distrust, in which taxpayers see governments as robbers and governments treat taxpayers as lawbreakers. All initiatives in this area should be reinforced and more firmly tied to their philosophical and ethical underpinnings, which need to be better known and understood.

(3) See the following issues of *Finance & the Common Good/Bien Commun*: 8/2001; 20/2004; 25/2006 and 28-29/2007, pp. 147-151.

One relationship that should be restored as soon as possible is international solidarity, particularly full-fledged, no-strings-attached development aid – a topic that has vanished from international agendas, at least under that name.
Greater emphasis on long-term relationships does not necessarily require legal or regulatory action. The point is to reward faithfulness and loyalty to places, individuals, projects and ideas, rather than lure people with the prospect of easy pickings. Effective action will depend on individual behaviour based on firm conviction. Transactions reflect a systematic preference for an «elsewhere» (in time or space) that liquidity can supposedly bring within our reach, at the expense of the here and now. Yet, despite all the achievements of modern communication technology, it is only in the here and now that the human spirit – and, of course, the common good – can truly blossom.
Besides duration, proper relationships depend on the partners not being too far distant from one another – and not just in geographical terms. If relationships are to be strong and fruitful, the partners must know each other personally. This is not the case in many present-day relationships, in which the links are purely legal ones and the partners cannot see each other's faces. This deprives the relationships of some of their dynamism. If relationships are to predominate once more, they must become literally closer and less anonymous, with a reduced role for intermediaries.

⇨3.3 Changing the system of remuneration

Remuneration has been one of the most powerful vehicles for financialization. The number of intermediaries and others keen to earn commissions on transactions has rapidly expanded. This system of remuneration distracts people's attention from the

intrinsic quality – including the moral quality – of their work and encourages them to focus instead on how others will see them. It also encourages greed and ruthless pursuit of gain, distracting attention from the quality of people's behaviour and focusing instead on its effects.
A system of remuneration that will encourage long-term relationships and increase the quality of professional conduct will certainly help reduce the pressure of financialization on the marketplace.

Finance serving the common good is not a chimerical vision. It is a possible outcome of many convergent actions and decisions taken today by a variety of concerned actors. Many of them share a sense of systemic urgency. The emerging «sellers-take-all-society» based on the infectous greed is a deadlock, not a viable long term perspective. In order to encourage such actions and provide them with a kind of broad-picture framework, the Observatoire de la Finance – a Geneva based think tank – issued recently an appeal in a form of «Manifesto for finance that serves the common good».[4]

(4) www.obsfin.ch

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