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Reflecting on Money, Love and Virtue

Introduction

Maria Pereira is a former investment professional who has worked in New York and the Far East. She promotes transformation in business and finance to a more just and sustainable model. She is determined to discover how the financial system can be made to work for the common good.

In this seminar Maria led us through her own reflections on the financial crisis and her exploration of its deeper roots. This took us on a fascinating tour of the evolution of the science of economics and the philosophical development of the notions of love, virtue and 'the good life'. Maria finished by gathering these reflections together and inviting us to start thinking about a shift from the current view, where money dictates love and virtue, to one where love and virtue are feeding each other and both are influencing how money is used. A necessary start for such a shift is the development of a language to begin to talk about these ideas coupled with civic action. Maria offered these reflections as a contribution to this change in language and thinking. She encouraged us to share our own local examples of places where money, love and virtue are working together in ways that better serve human beings and to begin to take part in this conversation.

The beginnings of a reflection: the current situation

The financial crisis in 2008 showed that the ethical breakdown that started with 'Enron' and 'Worldcom' were not just isolated cases, we were witnessing something systemic. The initial, legitimate responses were to blame the governments and the banks. There were calls for better regulation and supervision, increased capital requirements and so on. However, Maria felt there was something deeper here that was not being touched by these responses. She started to explore the financial ideology behind the crisis. In order to understand the present, and attempt to envisage a different future, she had first to understand the past.

The current financial ideology dictates that the purpose of financial systems is wealth maximisation. This is understood as being driven by individual self-interest and the invisible hand of the market, resulting in benefits for all. The government's role in this system is to keep the economic wheel turning. As the 20th century progressed 'financialisation' came to be seen as a way to keep the wheel turning with 'financial services' replacing the growth that a fading industrial age could no longer deliver. The results are well known but are still not well understood.

Glasgow's famous son Adam Smith (1723-1790) is now used to justify free markets and aggressive competition through the principle of self-interest. However, in his day he was more concerned with notions of 'self-command' and 'sympathy'. For him the

invisible hand was in fact the hand of providence, creating the desired results for society based on all the individual actions.

Adam Smith's magnum opus, *The Wealth of Nations* was published in 1776 during the heady days of the enlightenment. This was a time of great promise. It was the year of the American declaration of independence and 13 years before the French revolution. The aristocracy was declining and the market system and commercial life was beginning. His work was a wonderful synthesis to explain what the new economic system was going to be like. Wealth was seen as:

- A precondition of liberty.
- Allowing for equality.
- Enabling fraternity.

Today we focus on the liberty and use this as a justification for the capitalist system. We pay lip service to equality and we have forgotten fraternity entirely.

A deeper exploration: the history of economics

So Maria started to explore further the thinking of these classic enlightenment figures. They are now seen as economic theorists but they were in reality moral philosophers. She discovered that their theories carry with them conceptions of the human that have been conveniently laid aside. For example John Locke (1632 – 1704) is known for his treatise concerning the concept of property. In fact he saw property as a way to freedom and protection. He talks of freedom not simply as an absence of restraint but also as allowing for the positive creation of a civic society, government and laws. He emphasised that what is required is the virtue of 'other regarding'.

Using this and other examples, Maria told the story of how the discipline of economics became progressively detached from its broader philosophical and moral roots over the course of the 19th century. By 1895, with the founding of the London School of Economics, it had become a 'pure science': objective rather than subjective, dominated by numbers, utility, instrumentality, efficiency, models and economic laws.

This science of economics has achieved a lot and without it we would not be where we are today. But now we are confronting the paradox of a time of plenty but with real scarcity. As rich a society as we are today we are also very poor in some respects. Financial resources are scarce, but environmental and natural resources are also in short supply. We are challenged to think about this discipline of economics and the validity of the models we use. But we also need to go deeper than that to the fundamental assumptions about the nature of the human that underpin this science.

Even deeper: exploring fundamental assumptions

Maria then took us on a fascinating tour of the evolving theories of virtue, justice and the good life. She shared with us her delight and excitement as she undertook this



voyage of discovery. She started with Aristotle – the first person in Western culture to discuss the concept of the economy – and his notion of *philia* or friendship (which he equated with love) as permitting virtue, and justice as the virtue that enables all other virtues. Aristotle saw justice as fairness or proportionality a notion that speaks to today's world where we have increasing wealth disparity.

Throughout the 18th and 19th centuries 'love' – in terms of moral sentiment, or fraternity or friendship – is a common concern, and equally so is 'virtue' – in terms of justice or trust. There was also an appreciation of economics as serving the common good, based on a concept of the person, not only as an individual, but as a self, living in relation to other selves. Antonio Genovesi (1712-1769), an economist contemporary of Adam Smith and also a priest, spoke explicitly about a civil economy within a civil society. Even Darwin, whose theory of the 'survival of the fittest' is used to justify competition in all sectors, has been misinterpreted. In later life he came to see collaboration as essential to survival. We are empathic beings with capacity for altruism and compassion, as research in neuroscience now shows. While it strives to become a moral-free zone of open competition coordinated by price alone, the modern market in fact depends on trust, consideration for others and reciprocity.

Ontology of love

Love is a word that most people are surprised to see in connection with finance – but there is no reason why this should be. Jean-Luc Marion (1946-), the postmodern philosopher, speaks of how difficult this question has become in our culture: "we lack words to speak about it, concepts to think about it, and the courage to celebrate it". Maria drew on the work of the philosopher and theologian Paul Tillich (1886-1965) on Love, Power and Justice – quoted approvingly by Martin Luther King: "Power without love is reckless and abusive, and love without power is sentimental and anaemic. Power at its best is love implementing the demands of justice, and justice at its best is love correcting everything that stands against love." We think of love as 'fluffy', what if we started to consider love as a power that enables justice, the greatest virtue?

Luc Ferry, former Education Minister in France, has recently taken up the same theme. His book, *On Love: A Philosophy for the 21st Century*, argues that in a world running out of control and seemingly dedicated to nothing more than hyper-consumption, love provides the new moral order. This is not just about ethical breakdown it is also about complexity. In today's world, he says, where we have such complex challenges, such difficult problems, governments' ability to act is

hampered. We see this for example in the environmental situation where it is very difficult for one government to act in isolation. In a world where government is weakened, we need civic action all the more. We need people to help governments bring about results.

Maria noted that in a world of scarcity, love is an infinite resource. However it is not just an infinite material resource we can take – human beings have to participate together in its creation.

Back to today: what might this mean?

A number of the enlightenment economists, who focused on economics as a science, in later life returned to ideas of happiness and love. Modern thinkers are also revisiting and attempting to revitalise the thinking of the Enlightenment.

People such as the Portuguese neuroscientist Antonio Damasio, are exploring ethics and the possibility of cultivating moral behaviour. Similarly Michael Sandel, a Harvard based political philosopher, is exploring notions of justice. Sandel's work leads to the concept of three pillars that are required for a functioning system: The institution; civic action in society; and the person/individual working in that system. The central banking view of regulation is that it has to have the same three levels:

- Macro-prudential: safeguarding and control of risk; legislation and supervision.
- Micro-prudential: solvency of banks; capital ratios.
- Behavioural: transparency of products and ensure proper understanding of risk.

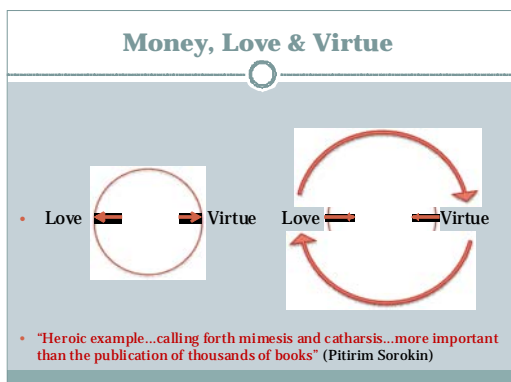
But is this enough? Do we need more than this?

Reflecting on the principles of the Enlightenment and what this might mean in today's world Martha Nussbaum, Professor of Law and Ethics at the university of Chicago (and Maria's favourite philosopher), suggests that three things are needed: critical thinking (reflection is very important); civic action (on the global level not simply the municipal); empathy (the capacity to think in the shoes of someone else). She also reframes the core enlightenment principles in ways that might be more appropriate in the contemporary world:

- Liberty as autonomy (but always in reference to the autonomy of the other).
- Equality as universalism.
- Fraternity as humanism – a respect for human dignity.

In a recent book: *How much is enough: love of money and the good life*, Robert Skidelsky a British Political Economist and his son Edward, argue that we need to start thinking of things other than material goods. They list some basic goods which are universal and indispensable including: health; security; respect; friendship; leisure (the creative use of time); harmony with nature; personality/autonomy (the ability to express oneself).

The famous British economist John Maynard Keynes (1883-1946), suggested that an economist must be: “mathematician, historian, statesman and philosopher”. Today most economists are mathematicians but a good society requires humanism.



Maria finished her talk by inviting us to start thinking of a cultural shift from the current vicious circle where money dictates love and virtue, to one where love and virtue are feeding each other and both are influencing how money is used.

A necessary start for such a shift is to find a language to begin to talk about these ideas.

Through this ongoing exploration, Maria is aiming to contribute to this change in language and thinking. Another important element is civic action. Pitirim Sorokin (1889-1968), a sociologist who founded the Department of Sociology at Harvard University, suggests that: “heroic example... (is) more important than the publication of a thousand books”. Maria encouraged us to share our own local examples of places where money, love and virtue are working together in ways that better serve human beings and to begin, in our own settings, to take part in this collective conversation and much needed cultural shift.

The views expressed in this paper are those of the speaker and do not necessarily reflect the views of the Glasgow Centre for Population Health.

Summary prepared by the Glasgow Centre for Population Health.