



# Integrating Money, Love and Virtue: A New Humanism<sup>1</sup>

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*“We must regard industrial and commercial life, not as a separate and detached region of activity, but as an organic part of our whole personal and social life.”*

Philip Wicksteed

*“The primary support of civil society, the most important of all, is love for the public good.”*

Antonio Genovesi

*“The secret of morals is love.”*

Percy Bysshe Shelley

## A reflection on finance within our world

Having spent my whole career in finance, and confident of its power as a force for societal good, I observed successive scandals and financial crises with deep discomfort, starting in the latter part of the last century. The crash that arrived in 2008 and subsequent developments revealed that the financial system was in need of far more radical reform than simply regulating excess and setting up sustainable investment vehicles on the fringes, as important as that may be. I felt it vital to embark on a deep inquiry into the purpose of money and how to use it for the benefit of humanity. Through deep reflection I have come to see that we need to restore love and virtue at the heart of our economic and financial systems (the two are fully intertwined). It will not be easy, but a first step is for us to implement deep reflection into our dialogue about financial reform – beyond technical regulation, recapitalisation of banks, financial theory and modelling, and investment strategy – and for as many of us as possible to insist on this deeper inquiry and reject as inadequate anything less. When trying to understand how the disintegration of financial behaviour came about and how the financial reality is not conforming to the social contract, as it is intended to, we must comprehend how we, as agents, determine financial reality. Of course, certain agents have greater power to influence outcome, and the majority appears to be simply caught in the web. Nonetheless, no action or inaction is neutral. If we are to move forward so as to put the system right, we need to understand the rationale and philosophy inherent in the organisation of society, to discover the original intentions and vision for the economy and money and to rediscover lessons offered throughout the course of history. Within all this, we need to understand human aspirations and behaviour.

The justification of financial action by simply ‘self-interest’ and the belief that morality has no role in investment and financial decisions implies a mis-interpretation of Adam Smith.

A focus on law and regulation presupposes that the human being is primarily motivated by fear and the mis-interpretation of Adam Smith’s *self-interest* assumes a negative vision of the human being as egoistical. While this remains the predominant view, neuroscientists and social scientists are increasingly advancing the theory that human beings have the capacity for empathy or compassion<sup>3</sup> and desire for connection and collaboration. This is what I refer to as love, even if love as expanded below, implies more. If we are to contribute to any desired transformation in finance through positive action, love is essential.

I was pleased at an early stage in my inquiry to come across the German philosopher, Joseph Pieper, and his essay on *Leisure: the Basis of Culture*, in which he writes about ‘intellectual contemplation’. Borrowing from Thomas Aquinas, Pieper argues that complete knowledge requires an element of pure, receptive contemplation, or as Heraclitus says, of listening to the essence of things. It requires attention and penetrating thought. He discusses a distinction between *ratio* or logic, and *intellectus* or contemplation. “*Ratio* is the power of discursive, logical thought, of searching and examination, of abstraction, of definition and drawing conclusions. *Intellectus*, on the other hand, is the name for the understanding...to which truth offers itself like a landscape to the eye.” It is getting a glimpse into universal truth and understanding what it is to be human. It is pure contemplation, without any discursive interaction. Today some call it meditation, leading to awareness of the self and the universe at large.

Of course, this mode of *knowing* was for a long time looked at askance. The advance of the scientific age and its emphasis on reason pushed aside contemplation, but now neuroscientists are increasingly pointing to the merit of meditation, and the need for reflection in digesting the avalanche of data and information that besieges us. I believe that without reflection, we risk becoming mechanical beings, turning our discoveries to our detriment by forgetting our human dimension. In order to regain an appreciation of what it means to be human, we need to recover *intellectus*. Contemplation or reflection is an indispensable part of any action that serves humanity, for it deepens knowledge and helps us to understand that action has ramifications that radiate out into the world. Clearly this, too, applies to the financial system we have constructed for ourselves.

Hence, it was through deep reflection and study that I arrived at the insights I share in this article. I do not pretend to provide a solution to our financial malaise, for technical and theoretical solutions alone are inadequate in resolving an issue that drives deep into our human condition. Rather my purpose is to call for deep reflection to help us to understand the roots of our crisis in order to address it adequately, through awareness, an effective guide in action for the common good. (Yes, despite the apparent economic and financial turnaround, our financial commons remains fragile and our total wellbeing threatened by ecological and social challenges within our economic paradigm.) In order to transform our economic and financial system to serve us well, deep reflection is required on key questions.

What role do money and the economy have in our lives, what is their purpose, and how do they impact our wellbeing? How has human motivation influenced and contributed to financial developments? Has financial behaviour served or hurt society? What forms human aspirations, what drives wellbeing, and what are the criteria for an economic and financial model that truly serves humanity? Our reflection must perforce go beyond the economic and financial spheres to address key issues of our human condition.

Can we have a well functioning economic and financial system without considering the people who live in the world? Intermingled with this central question are many side questions, including those dealing with nature. If we desire a well functioning system, is not the common good a fundamental starting point? And in order to arrive at the common good, is not compassion or empathy indispensable? Is this the antithesis of self-interest, the key motivation underpinning economic and financial action? Or is it the most comprehensive definition of self-interest?

Tracing the linkage among these considerations brings us to the idea that true self-interest has to go beyond the self to consider the other. Love, *philia* or friendship, is what makes this possible. The Greeks called *philia* "the crown of life and the school of virtue." Love inspires virtue, and virtue drives beneficial action. The motivation for virtue or appropriate action for the common good cannot simply be adherence to law imposed from outside. It is most powerful when it springs from within, when it is inspired by love.

### Revisiting the Purpose of the Economy and Finance

One cause of the financial crisis may lie in viewing finance as a stand-alone engine of efficiency and economic growth, in focusing on its efficiency in generating returns and not its efficacy in serving society. Aristotle provided one of the first philosophical reflections on money and the economy. He portrayed economics as *oikonomia* or home governance. Within the economy, each household is a component unit, in which material needs play a vital role. This was the foundation for the *polis*, the city state. Even today, the economy is a home for all, within which we meet our material needs and where money is used for exchange. Money plays a vital role as its life-blood, taking nutrients where required. Without money, the economy would atrophy.

Money is the unit to facilitate market exchange, which is a contract underpinned by trust. Banking and credit allow for the expansion of money over space and time. Banking brings together people separated by distance and perhaps unknown to each other; it allows for intermediation. It also permits the bridging of time. The word 'credit' stems from the Latin *credo*, which is linked to *fides*, faith or confidence. Hence, credit is founded on trust and confidence that the money lent will be returned.

When benevolent, credit funds prosperity and is part of a virtuous cycle. It has played a key role in improving the economy and increasing standards of living over millennia. Without debt, innovation and investment designed to enhance future welfare would not be possible, and economic innovation would be constrained. It is not debt *per se* but excessive and uncontrolled debt, resulting in unjustified risk and potentially leading to bubbles, that is problematic. Debt that permits investment to enhance future welfare is constructive.

However, debt to permit excessive consumption or wealth extraction loses its power to generate beneficial effects. Excessive consumption fills no indispensable need, and offers no investment benefit to the consumer; moreover, it is detrimental to the environment, which is another area of concern in our world. Financial extraction through speculation may provide gains in the short term, but these gains are not founded on any productive or solid base. One often hears in finance that investment is a zero-sum game, but in an investment market dominated by speculation fuelled by debt,

it can become a negative-sum game. While creating wealth for one segment of society, it can destroy wealth for the public at large and enhance wealth disparity, leaving our financial commons more fragile.

Adam Smith's concept of self-interest is often used to justify today's aggressive economic and financial behaviour. It is simply assumed that in free markets benefit for all will result through the 'invisible hand'. This is a simplistic understanding of Adam Smith. The economist Mark Skousen notes that Smith's self-regulating model leads to a natural harmony of interests through the invisible hand if it includes freedom, competition *and* justice. While the first two stem from self-interest, justice implies 'self-command', or self-restraint with consideration for the common good. Human relationships are an integral part of any market exchange and in order to serve the human being, markets must perforce be governed by reciprocity and virtue, by fairness.

### Restoring humanism to the economic and financial framework

Efficiency, a key objective in our economic and financial paradigm, is an important and valid quality, but it needs to be seen within a holistic context, so that efficiency does not reign at the cost of dehumanisation. Divorcing the financial system from its ends so that it becomes an end in itself, coupled with the increase of virtual activity in investment ('casino finance'), has hurt us. And advances in technology have compounded the paradoxical problem facing us. Technology enables complex modelling in finance for the purpose of maximising returns, ignoring underlying economic fundamentals while magnifying risk and its aftermath. The future of finance will be determined to a large extent by technology, a vital part of a central debate in the delineation of a future economic, financial and societal framework that serves humanity. How should we use technology to serve us well?

In the face of such challenges, reflection helps us to understand their many dimensions. The solution may be found in departing from a purely instrumental approach towards one acknowledging human aspirations and concerns. It definitely lies in compassion, trust and responsibility, in love and virtue. We are human, and as such cannot escape subjectivity. We do care. We need to recover humanism within the economic and financial framework as a concerted effort by all members of society. Solutions are to be found not through individuals, but through people acting in collaborative unison, through civic action.

Understanding *true* self-interest is a first step. It is not interest of the self but communal interest, and within this we need to consider nature. We are all fully interconnected, and in a global and technological world with environmental threats, increasingly so. No self-interest that does not consider the whole can provide for lasting benefit. Responsibility through virtue is an indispensable component of this perspective. Its importance was evident to Aristotle, when he described the requisite behaviour for a well functioning economy and *polis*. He saw justice as the central virtue that enables all other virtues, thus permitting a life well lived, a pre-condition for happiness. For him proportionality is vital, as it allows for justice. We have seen that proportionality has been ignored in excessive income extraction and increasing wealth disparity.

The Aristotelian vision of happiness is the ultimate self-realisation from a life well lived. It is not material wealth maximisation. It is not *felicitic calculus*, a measure of happiness proposed by Jeremy Bentham, involving the minimisation of pain and the maximisation of pleasure. A similar hedonic approach is promoted today, measuring units of happiness or comparing how we are placed relative to our neighbour. This may give satisfaction or pleasure, but not true happiness. Rather, happiness is found in knowing that we are better off because others are better off along with us, in unity. It is in understanding our interconnection and reciprocity. It is an expression of love.

To follow this reflection, we need to understand what constitutes society. There are many different understandings of society. In all, there is an underlying common purpose. The philosopher Jacques Maritain describes the common good of society as not simply the collection of public commodities and services, but something more profound and more human. It includes the sum of the civic conscience: liberty, political virtue and the sense of what *is* right. The life of a person is superior to mere social utility. The whole human being is engaged in the common good and committed as citizen. This involves not just a nation, but the whole world, for nations build up the world. When we by extension connect ourselves to nature, we make possible the common good of the universe.

### Empathy and love, engendering virtue and enabling humanism

Economics for the common good is built not on brute competition but on collaboration, and empathy is a key component of collaboration. Our current economic model assumes that humans are egoistical; hence, our misinterpretation of Smith's self-interest. The ego and competition became the central basis for organising society and the economic system. Our culture is moulded by an interpretation of the Darwinian concept of competition and 'survival of the fittest', but it ignores the later writings of Darwin, where he extolled the merits of cooperation and deduced that humanity could not have survived without its cooperative and social traits. Darwin came to believe that survival of the fittest is equally about cooperation, symbiosis, and reciprocity.

In recent times, more people have realised the importance of empathy, now a major subject of study in philosophy, anthropology, psychology and neuroscience. Such studies counter the general perception that humans are selfish. While studies have not established that humans are perforce altruistic, they demonstrate our capacity for empathy, and have shown that the experience of love in childhood enhances altruism. Increasingly, studies are surfacing to defend the thesis of empathy, collaboration, and ethical action.

While empathy is to sympathise fully with another, love has a further dimension. Love is the moving power of life and a drive towards joy and unity. Love is a word that we use extensively, but it has been banalised, sentimentalised, misused and misunderstood. It causes embarrassment when used outside the most intimate circle, and the word is taboo in business. However, the advertising industry, despite a limited appreciation of the depth of love, knows its power and exploits it, rendering it a passing fancy to be bought or sold and romanticised. But love is not an illusory dream or an ever-vanishing desire. It is our deepest desire and our being itself

is grounded in love. The philosopher Jean-Luc Marion redefines the human being as not simply the thinking person (*ego cogitans*), but one who needs to love and to be loved: *ego amans*.

Paul Tillich, a foremost theologian of the 20<sup>th</sup> century and teacher of Martin Luther King, believed that the best way to deal with the issues of love, power and justice was to situate the discussion within ontology (the study of the nature of being). He saw grounding these words in the human being as the only way to avoid the confusion these words elicit. He determined that emotion is embedded in the word 'love'. We associate love with feeling, but it is not simply an emotion. Love is the moving power of life. It is the drive towards unity.

In our society, love is perceived in a way that does not expand our humanity, but rather constricts it. It tends to be seen as an exclusive resource, shared only with people closest to us. A Cambridge economist of the first part of the 20<sup>th</sup> century, Sir Dennis Robertson wrote that economists economise on love, for it is the rarest of resources. It is to be used exclusively with those within one's immediate circle, for by expanding it largely we diminish its force. This is the perspective of love as an exclusive possession, in the realm of material goods. If a material unit is consumed by one person, there is none for the other and any sharing is limited. However, this is a perverse understanding of love, for it is not material and if 'possessed', it is no longer love. Instead, love is mutually reinforcing. Love, released in all its power, brings forth joy and joy replenishes love. Thus, love can be seen as the only resource that is infinite.

Martin Luther King, following Tillich, said: "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." Love is indispensable to a full understanding of our intricate inter-linkage and to action for the common good. Virtue is enabled by love, which allows for happiness, not measured happiness at the expense of another or in competition with another, but true happiness by connecting to the whole. For many contemporary thinkers, love is a central theme of the new anthropology and the new moral order, whether or not one believes in divine love. A *new humanism* is possible with love.

### Economics and finance within humanism

How can love be exhibited in economics and finance, central parts of our human organisation? First, we do so by acknowledging that their purpose is the common good. The economy serves society's requirements and enhances wellbeing. An economy with humanistic values is civil. The purpose of a corporation is not simply profit maximisation.

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Material needs and services are provided in respect of the human being. Goods produced with beneficial efficiency and with respect for nature do not abuse resources. Goods and services are offered at a price justified by value. The market is characterised by fairness and reciprocity; all parties to the transaction benefit. Not everything is for sale. Certain goods, such as friendship and justice, are sacrosanct and priceless. Employment is an important component of the economy; it ensures subsistence, but it also allows for dignity. The appropriate proportionality in income is arrived at through shared responsibility; there is no abusive rent extraction in the form of excessive compensation or profits.

Finance is vital for economic management. How can finance allow the economy to thrive? By providing it with tools to achieve human progress through investment, innovation, sustainable growth and true prosperity. This will include investing wisely in technology and biotechnology. And there are investment needs for infrastructure spending and transitioning to a sustainable economy by addressing environmental and social challenges. If finance is to benefit society, it must lead to the creation of sustainable wealth for society at large.

Money should comply with the social contract, a foundation of civilisation. The social contract aims to provide the conditions for society to meet its material requirements, realise human aspirations and survive in peace and harmony. As John Locke envisioned, it should give continuity to political society, without waste of resources and joining generation to generation. For Locke, the two pillars of self-preservation are property or wealth and civic action that complements law by allowing for trust. Locke highlights regard for the other and a sense of unity. Citizenship implies formation of a 'living body' out of separate selves, maintaining the humanity of all *Community*.

In such a world, we do not deal with each other in a purely instrumental way, ignoring our human dimension. The answer to our economic and financial challenges cannot be found without reciprocity and collective action. It is not found in the individual, but in the person connected to the other. Money, love and virtue find their common ground and expression in the person inspired and motivated to act for the common good, as citizen. It is my hope that deep reflection as discussed here will help us to develop the awareness and understanding that can help us realize this goal.

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1. This article incorporates ideas dealing with money, love and virtue that the author discusses in her book: *A Banker Reflects on MONEY, LOVE AND VIRTUE*, published by Triarchy Press in April, 2015. The humanism of the 21<sup>st</sup> century considered here is one where the relational element of the human being is at the centre of the discourse and where consideration for the other implies an aim for the common good and not simply for individual welfare.
2. The author is also known by her married name, Melo Antunes, under which she has published and lectured.
3. Some distinguish between empathy and compassion, but in this article, I use both terms interchangeably as the ability to sympathize or *feel* for the other.