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Economy and Finance on a Human Scale
by Bruno Musso

In Italian / European contemporary history since the late 19th century, neither the worker-oriented Left nor the culture of Catholicism ever trusted capital and profit. An alliance between the two groups began when profit was recognized as having a significant role for building solidarity:

- solidarity within the enterprise due to re-invested profit;
- solidarity in the society at large through fair taxation that is in turn employed to achieve social objectives;
- solidarity between generations as the profit from today's work capitalizes new enterprises thereby handing down to future generations what the past ones have given us.

Work is an essential activity of the human being. By working, the human being transforms this activity, adding ethical value to the concepts of enterprise and productive economy. Two assumptions may follow: first, that enterprise becomes a «community in aim and destiny», and, second, that productive economy shares the basic rules of ethics. People often break ethical rules, sometimes even heavily; however, doing so betrays not only one's conscience, but also the needs of enterprise and economy.

The same is true of finance as well, as long as finance remains a part of productive economy, serving the needs of a system of production, distribution and consumption. This was the original intention. Over time, however, finance has become self-governing and self-centred. Finance is increasingly cut off from economy and losing its primary focus on human beings. In a word, it has became amoral, i.e. moral only as long as human beings make it follow an ethical path. Finance no longer inherently requires an ethical code in order to operate.

Therefore many current problems are based on the ever-growing abnormal power of finance, that expects to rule economy and even politics. Financial speculation, using questionable virtual transactions, have sometimes even succeeded in overcoming the central banks of industrialised countries by causing a drop in the value of a currency. An effective opponent to financial speculation may be the European single currency, if only for its widespread acceptance and use.

Many important choices concerning international development are no longer made in the communities whose members are directly affected. Private finance – whose globalisation process started before other aspects of development – and supranational bodies make those choices instead. On the one hand, private finance ,by its very nature, is uncontrolled, while supranational bodies – e.g., the International Monetary Fund – assume the role of representative but reject any kind of democratic control, and are often typical examples of a self-centred attitude. They share a dangerous «freedom» from economic rules.

Let's think about the extremely poor countries– I don't mean those countries led by a government clearly not chosen by the people where human poverty exists along with a wealth of primary resources. These Fourth World countries are oppressed by foreign debt and have no real chance of extinguishing their debt in the future. This scenario wouldn't be possible in a country guided by principles of productive economy instead of financial speculation, because no successful enterprise would ever entrust its balance to a credit never to be collected.

But there is no need to go that far. The stock exchange itself creates the problem. An industrial enterprise assesses its achievements within a one-year span in the «short-term», within 3-5 years in the «medium/long-term». Finance, on the other hand, expects to assess results within 3 months or, in the long-term, within 6-9 months: so enterprise is forced to estimate its future in much shorter terms. This situation worsens when the stock market is «played»: it creates a situation in which the money invested in an enterprise as its capital , which should be steady , fluctuates because of instant comparisons between companies or even because of emotional expectations about market trends. In other words, they are influenced by something totally unrelated to the actual performance of the company.

Where is the human ethical mark on an amoral finance? Where are the signs of an education to responsible behaviour towards enterprise, i.e. towards work? Who reminds buyers in the stock market that, although there is no legal bind for keeping shares, we take on a moral responsibility towards the work that our shares are financing. Our reasons for selling them should be based on real human need or ,in some cases, a company fault. But not simply to gain the highest profit.

In the fields of economy and politics, our first duty is to return finance to the service of a productive economy. This is a hard task, but it constitutes a moral obligation that each of us is required to fulfil.