

**FINANCIALIZATION:
CRITICAL ASSESSMENT BASED ON
CATHOLIC SOCIAL TEACHING**

By

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Looking back on the rapid rise and tragic fall of the “financialized” economy of the last two decades, we venture beyond an accounting of the enormous costs of this global collapse in search of an ethical evaluation as to how this all came about. Our ethical evaluation proceeds along two distinct although related tracks: individual action and system of rules. Drawing upon Social Catholicism for our system of rules, we offer some comments on the desirability and the ethical goodness of a financialized system which depart from contemporary practice and contribute to a better understanding of the origins of the current economic instability.

We begin with the track of individual action. Won over by the forces of individual freedom, deregulation, and globalization, economic agents increasingly are avowing a way of thinking that measures economic performance in financial terms, especially short-term profits and return on investment, often to the exclusion of other considerations such as employment security, environmental protection, workplace safety, corporate governance, and living wages, not to mention world poverty, hunger, and disease. This *different* way of thinking today is what we mean by “financialization.” It is not, however, a *new* way of thinking. Strictly speaking, financialization has been with us for at least two centuries.

Apart from the effects it is having on the structure of the global economy, financialization is changing the rules and the codes of ethics according to which companies conduct their affairs on a day-to-day basis. This development has become deeply embedded in mainstream economics today largely due to years of advocacy by Nobel laureate Milton Friedman who is widely known and respected for his libertarian views and who adamantly insisted that the company’s only objective is to produce profits for its owners/shareholders. His concept of community excludes everyone other than the owners/shareholders on grounds that they alone actually *own* the

company. This view of human nature is individualistic, exclusive, resting squarely on the social value of individual freedom.

Financialization at times is at odds with Catholic social teaching (CST) which asserts that community includes everyone with a stake in the company including shareholders, managers, workers, suppliers, and customers because their *well being is tied* to the company. Also tied to the company are the places where the company operates (minimally in terms of its demands on the infrastructure and its impact on the quality of the air, soil, and water). This view of human nature is personalistic, inclusive, resting on the social values of equality and community.

We turn now to the second track of a system of rules that apply in economic affairs. Rules have an ethical content because they frame social interaction helping to unfold virtuous outcomes. In this case we refer to institutional arrangements developed in the 1990s as the outcome of deregulation and the acceptance of new practices, conventions and ways of structuring economic interaction. We call this institutional arrangement “financialized” because it provided a connection between corporate governance and financial markets, favoring the extension of the logic of financial allocation to the whole production process.

In the following we address financialization in the light of CST to identify specific difficulties introduced by this different way of thinking. In particular, we address the issues surrounding corporate governance and the impact that the priority of *shareholder value* poses for achieving ethical outcomes in routine economic interactions. We argue that problems brought on by financialization cannot be solved by relying on individual initiative alone. Collective action by ethically oriented persons is required to reconcile what we know from CST and what we observe in everyday economic affairs. The inherent risks in financialization which have been exposed in the global meltdown of financial markets beginning in September 2008 further

underscore the importance of reconciling the individualistic/exclusive view of human nature in economic affairs with the personalistic/inclusive view.

In the first two sections of our paper we define financialization and discuss its effect at the company level. In the next three sections we review rules and rights in economic activities, criticism of financialization, and the proper role of finance in everyday economic affairs. The sixth and last section presents our concluding comments.

1. Phenomenology of Financialization

Financialization concerns those who turn to CST for guidance in activities such as working, spending, and investing. This term highlights a process in which financial values “become leading institutional and organizational design criteria” (Froud *et al.*, 2000). Toporowski (2000) referred to financialization as the transformation of “entrepreneurial capitalism” into “rentier capitalism” wherein the asset holder replaces the entrepreneur as the principal economic agent. Boyer foresees a new “finance-led accumulation regime” (Boyer, 2000).

Brentano (1923) distinguishes the *natural* economy and the *monetary* economy. In the monetary economy the financial value of resources replaces the substantive evaluation, the needs, of the natural economy. Financialization is a stage in the development of capitalism where debt and credit positions of various types are continuously created, securitized, evaluated and traded as assets which in turn are used to back new debt positions. Notice, for instance, the recent introduction of mortgage-backed securities and credit default swaps in global financial markets. In national income accounting, financialization is reflected in a rise in the financial assets and liabilities of companies and households as well as in the growing significance of economic sectors connected to financial intermediation and rent. Here we refer to rent in the classical sense

of income from property and not from production. Financialization is more than just the growing importance of trading sophisticated financial assets. It is a more pervasive and cultural phenomenon.

Many factors are contributing to the financialization of the economy. We enumerate only three. First, globalization and institutional reforms oriented to deregulation have assured that financial capital has an unprecedented freedom of movement which for a number of reasons is not assured for labor or physical capital. Financial capital has been released from any commitments to a specific place and productive activity and has become more liquid and mobile. This has induced much contingent innovation oriented to boost intermediation profits (Engelen *et al.*, 2010). Consequently, the “financialized company” (referring now to the whole organization) is becoming more individualistic and exclusive and more destructive of the social values of equality and community espoused by CST.

Second, institutional investors have become the managers of huge financial resources and quite influential in corporate governance. Third, a strict financial logic has spread from financial markets, where it has its proper place and role, to all economic activities due in part to the erosion of the humanities and liberal arts in the general educational curriculum and cultural change that has led to a breakdown in the observance of traditional ethical values in economic affairs (Lissack and Richardson, 2003). University education is not effective in replacing ethical values because students today are being instructed that ethical issues are not within the domain of the business disciplines. Worse yet, they are being taught that one can legitimately trade off ethical values for financial gain.

The financialization of the economy has resulted in a dominance of the logic of finance over the more substantive logic of production and a subordination of labor and community interests to

capital. These negative effects are visible even in small companies and in industrial districts which, until recently, have been the cornerstone of an economy constructed on a scale and with a purpose that is more respectful of basic human needs and time-honored social values such as community and equality (Röpke, 1998; Solari, 2007; Toniolo, 1952; Marangoni and Solari, 2006). Many of the original ideas and principles of CST on the desirability of small enterprises and capital-labor collaboration have been lost and have become difficult to reconcile with today's different economic reality.

2. Financialization and Company Behavior

The macroscopic phenomenology of financialization deserves a more articulated and specific analysis. The company is one of the main carriers of this transformation. In the 1990s, the rapid spread of *shareholder value* as the final measure of company performance to which all other issues in organizational governance are subordinated shifted power to shareholders and re-aligned management priorities (see Williams, 2000; Lazonick and O'Sullivan, 2000; Stockhammer 2004; Engelen, 2002). With production subordinated to finance, more attention is paid to financial gain and less to standard operating income.

The company itself is a casualty of financialization, forced at times to relocate its operations, downsize its labor force, and break up its production processes. The company as a unitary coordinating structure is replaced by a fragmented network connecting dispersed modular units where only the financial and marketing functions are left to define the enterprise as an integrated whole. *Business Week* reported recently that in the electronics industry, which for years was dominated by the United States, Taiwan now does the design and engineering, China the manufacturing, and the United States the branding and marketing (Einhorn, *et al.*, 2005).

Building an organization that creates products/services responsive to consumer needs and wants is being replaced by the pursuit of financial gains across periods as short as three months. Management is less concerned with production, as the short-term outlook convinces economic agents to take production capabilities as given. The result is less effort being expended on building long-term knowledge assets, modifying organizational procedures and routines to improve quality and productivity, and supporting the research and development necessary to bring forth new products/services. What is not readily visible is that companies continue to make profits out of large investments in knowledge made in the past without renewing that capital (Lazonick, 2005).

At the company level financialization has three main negative effects:

1. progressive separation of economic activities from social norms – more and more economic behavior is conceived in terms of financial variables and social ties are represented as inefficient constraints whenever they no longer support financialization;
2. loosening of moral values in economic decisions deriving from a systematic subordination of ethical principles to profit maximization – ethical ends are seen as costs whenever they do not reconcile with short-term profit strategies;
3. dominance of financial gains over other economic considerations, such as meeting basic human material needs, providing jobs that pay a living wage, protecting the environment.

3. Rules, Rights, and Catholic Social Teaching

CST prompts the following questions. What is the impact of financialization on society and the human person? Is this different business environment respectful of the basic principles expressed by CST? How much is a society that is working more and more around purely

financial variables able to assure the basic dignity of human beings? In particular, is financial rent compatible with CST?

Our answer is general and brief in part because at this time the full effects of financialization are unknown. Even so and notwithstanding whatever good derives from financialization, from a strict economic viewpoint the recent meltdown of global financial markets proves conclusively that risks of catastrophic proportion attend the practice. On the other hand, CST considers wealth a means to achieving ethical ends, not an end in itself and certainly not an end displacing more substantive ethical ends. Seen from that perspective, efficiency in the utilization of financial assets need not conflict with ethical concerns. That perspective introduces complex issues concerning the social dimension of economic action and the role of *solidarity*. It requires the study of the interaction between the moral and formal constraints to economic processes, between freedom and coercion. To further address the question as to how best to reconcile financialization and CST we refer to *solidarity* at two levels.

At the *action-level*, solidarity consists of economic decision-making, taken within a given set of rules, in conformance with ethical ends: to act or to refrain from acting in a way that achieves the common good which, if we trade-off social norms and institutions for short-term financial gain, inevitably is endangered.

At the *rule-level*, solidarity consists of cooperation oriented to fostering *rights* and *rules*, and aims at assuring a strong institutional foundation for economic activities. Rule-level solidarity is a precondition for any truly efficient economic decision-making in that it rules out economic choices that are destructive of the very institutions we depend on for our well being.

Focusing on rule-level solidarity and following Pesch (1905-26, Vol. 1), we observe that the economy displays solidaristic characteristics because institutions relate the individual to the

whole community. Our interest is in the rules established by those institutions which should be ethical in the sense that they help achieve the right ethical outcomes (Taparelli 1854). Taparelli proposes a *duty of sociability and cooperation* according to the *natural order* in which society remains a means not an end. The law is the “*moral force, according to reason, binding one to the will of others*” (Taparelli, 1840).

Ethical principles, however, cannot be detected easily or directly in the institutional structure. Asserting the inseparability of morals and institutions, the classical natural law affirms that those institutions should be judged for what they help produce (Caloia, 2003). Taparelli, Liberatore, Pesch, Brants and the many CST contributors over the years assert that economics is a *practical science*, oriented to practical wisdom, to the discovery as to how economic agents ought to act. It adopts a practical view of the economy relating it to the needs of humans and the good life in society.

Some free-market theorists presently are reclaiming ethics, acknowledging the defect in the unfettered market economy in achieving good social and economic results. There is a growing awareness in economics of the limits regarding the positivistic separation between fact and value, of the so-called “value-free technical nature” of economics. However, inserting ethics in economics leads to an increase in the complexity of economic analysis and the uncertainty of the findings derived from that analysis. Then again, ethics is to be considered in relation not just to one person acting alone but also to several persons acting together through economic institutions.

4. Early and Continuing Criticism of Financialization

Financialization has been studied and denounced since the mid-1800s by many Catholic (Toniolo), ethical-libertarian (Röpke), institutionalist (Veblen, Galbraith), anarcho-socialist

(Proudhon), conservative socialist (Wagner) and Marxist economists (Hilferding, Tawney) who observed its first expression in the form of the giant corporation, separation of ownership and control of business enterprise, and accumulation and management of large financial wealth through stock exchanges (Hilferding, 2006; Tawney 1982). Following the Keynesian tradition from different perspectives, Galbraith (1975) and Minski addressed the instability of financial markets and institutions attributable to an increase in semi-liquid assets and speculative behavior.

From the beginning CST (see, for example, Liberatore, 1889) embraced a classical and substantive view which affirmed that only nature and labor are responsible for productivity. Capital strictly speaking is merely a means supportive to labor. Thus, the practice of shareholder value means attributing all decision-making power to the one resource which is not productive.

Confronted with the rise of financial capitalism and strikingly similar to Röpke (1992 and 1996), Toniolo (1947, 1952) feared the loss of entrepreneurial values, erosion of commitment and responsibility, and decline of the real (as opposed to strictly financial) sectors of the economy. As with most of the economists cited herein including Tawney (1982) who had a special concern regarding the crisis of social values, Toniolo warned against the inversion of means and ends taking place in an increasingly monetary economy. However, he particularly saw a danger in financialization in terms of the poor incentive it provides for labor-management collaboration. Toniolo also warned against the transformation of capital from an auxiliary and instrumental factor into a dominating and pervasive force able to convert any institution to its logic. In particular, he warned against disembedded capital which by not participating fully in the risk of production makes any economic relationship precarious and leads to a separation between economic practice and moral principles (Toniolo, 1947). The solution to this problem was seen

to reside in a strict collaboration and a fair participation of capital and labor in the costs and benefits of production.

Today we are facing a second and more pervasive financialization due to the lowering of barriers to the movement of capital, diffusion of socialized saving, increased role of institutional investors, unprecedented freedom in financial innovation, and growing rhetoric supporting and rationalizing large stock holdings and pure speculative gains (Williams, 2000).

Financialization is justified by the neoclassical concept of the efficiency-enhancing and automatic-stabilizing role of competition and the mobility of capital. Any other source of economic order is not significant and is seen as an obstacle to good market order. To illustrate, codetermination in Germany which owes much to von Nell-Breuning (1957) delivered good results but is endangered by financialization and the demands of institutional investors. Corporate governance is centrally important in a capitalist organization and the institutions which frame it are crucial in determining the quality of economic processes. Neoclassical theory asserts that corporate governance has to be exposed to strong forces in order to adapt to the logic of financial markets and short-term profits. At the same time, as the main objective of the corporation, shareholder value contributes to the efficiency of the general order.

Reality, on the other hand, is quite different. The unrestricted pursuit of shareholder value, taken as the objective of strategic management, weakens the role of stakeholders, labor in particular, and extracts excess profits unrelated to the real performance of the company. Shareholder value imposes no restrictions on corporate governance and considers any form of stakeholder participation inefficient. The only problem is the fidelity of managers to shareholders (seen as a homogeneous and conflict-free class) which has resulted in an enormous increase in executive pay over the last 30 years. Johnston (2005) focuses on fiduciary duty deriving from

natural law. The fact remains that manager compensation is linked to short-term profits which further financializes the company. In this way any rule, right, or ethical standard may be traded-off for short-term profits which transform into a sort of *rent* because much of entrepreneurial risk has been shifted to stakeholders.

When institutional investors own companies, the situation worsens for four reasons. First, institutional investors tend to manage organizations as if they were financial assets to be maximized, not communities of human persons. Second, these investors put profits ahead of all other issues due to their social role in managing diffused saving. Third, institutional investors legitimize the managerial function to reduce costs without any social or personal constraint and reward managers for assuring compliance in cutting other costs. Finally, and more importantly, such impersonal agents search for short-term profits because, given the myopia and the prevailing pricing practices of capital markets, high profits increase the capital value of shares bringing extra capital gains.

Given the progressive elimination of obstacles to short-term profits, the financialized order today can be seen as claiming rents and not entrepreneurial profits. Moreover, it presents *financial rent* at a critical and pivotal stage in the economic system. CST justifies rent as property income from productive assets as well as interest earned. Pesch argued that “We accept...interest in this modern era as the recompense for a service whose value is measurable, i.e., in terms of the opportunity to make a profit being provided with a sum of money” (Pesch, 1905-26, Vol. 2). However, other authors were more cautious and, in the case of Ratzinger (1881), differentiated lending for production purposes from lending for consumption purposes. In the latter case interest is less morally acceptable because it may be oriented toward exploiting human weakness and misery (which is relevant in the contemporary crisis of consumer and

mortgage lending that originated bad assets). This indicates that rent should not be accepted in the abstract but for its practical consequences. Thus, justice-based arguments have to address the merit of specific institutional arrangements. Nonetheless, we do not question the legitimacy of financial rent. The issue is its position in the distribution of value, whether it should assume a primary or secondary role.

5. Proper Role of Finance in Economic Affairs

By reallocating liquidity and risk, finance has an important role to play in the economy. In addition, neoclassical economists attribute to finance a regulating role for the whole economy. In fact, in a capitalist system capital bears (probably enjoys) the role of deciding how rewards are to be allocated. However, we should be ever mindful of the following:

1. good regulation of economic processes requires a steady and long-term perspective – the opposite of contemporary financial capital investment behavior;
2. the much greater mobility of financial capital as compared to physical capital and labor;
3. the mobility differential increases opportunities for short-term capital gains by speculative behavior, favoring herd-like (self-referential) behavior which fuels instability;
4. that mobility differential represents a roadblock to the various stakeholders forging a lasting agreement on company governance.

Four additional comments are in order. First, the financial instability motive – which before contemporary crisis was endorsed by post-Keynesians only – still remains valid. In fact, generalized rent supremacy over returns to other factors of production, especially labor, tends to be technically problematical. The seizing up of financial markets in 2008-2009 and the collapse of private sources of the credit necessary to support economic activity demonstrate that the self-referentiality of financial markets and the quest for capital gain tend to produce bubbles and to

spread like a virus to other sectors of the economy in a manner that results in macroeconomic instability which impacts collective well-being negatively (Toporowski, 2000).

Second, the mobility of capital and the slower velocity of adjustment of complementary assets are not in accord with human needs and expectations. From the perspective of the company, real economic investment, organizational capabilities, knowledge and commitment are the most important factors producing wealth. Incentives are needed to make the system work. From this point of view, the ease with which financial capitalists are able to withdraw and re-invest their funds makes for a powerful incentive to pursue high short-term profits. However, this constitutes a menace which from the CST view threatens human well being. People need stability to make plans for their future. Labor-management cooperation to increase productivity should not be achieved by threatening workplace partners. Active collaboration requires trust, confidence, respect, mutual acknowledgement of rights and responsibilities, and a longer action horizon than the short-term objectives that contemporary finance permits.

Third, the company is both an economic organization that produces a product/service and a social organization that engages its work force in defining common rules of behavior. The management function calls for more than just allocating resources. Managing is a complex activity of conceiving and enforcing routines that require legitimization from “the bottom up.” Consequently, managers define rights, responsibilities, and entitlements, decide incentives and, at the same time, control participants’ expectations in order to motivate and organize cooperative work. Though work is organized around superiors and subordinates, the workplace cannot function effectively when one partner imposes its will on the other. Dialogue is needed to sort through workplace conflicts in order to determine what works best for everyone involved. Dialogue is ineffective when it takes place between parties with non commensurable bargaining

powers made even worse by the differential mobility of capital. Undesirable outcomes include a skewed distribution of value added, cutback in the entitlements of the less-powerful partners, and difficulty in finding *justice* in strategic issues.

In the 19th century and at beginning of the 20th century CST underscored the role that free associations of labor and management play in negotiating the solution to the abject poverty in developing and especially undeveloped countries (*Rerum Novarum*, 1891; *Quadragesimo Anno* 1931; *Mater et Magistra*, 1961; *Centesimus Annus*, 1991) [1]. The *corporation of arts and crafts* was extended in this way to play a new role in industrial capitalism facilitating dialogue between capital and labor (Solari, 2010). The aim was to find the *just measure* for what today we call a *governance compromise*. Corporate social responsibility today should receive and reinvigorate this tradition of dialogue and construct the institutions, including notably mediation and arbitration, which contribute to an enhanced dialogue for the benefit of all interests involved. A productive dialogue, however, requires a balance of power wherein the greater mobility of financial capital is re-aligned with the other factors of production.

Such re-alignment would bring about a greater balance between the social costs borne by stakeholders and the financial gains accruing to shareholders. Galbraith (1975) concentrated on this issue and Ramazzotti and Rangone (2006) examined unemployment along these lines.

Most of the costs of enterprise's adaptation are likely to be inflicted on stakeholders, leading to short-term economic (or, better, financial) efficiency but substantive social inefficiency. The public function of the corporation is acknowledged by according a limited responsibility to incorporated capital. This benefit should be balanced by a social responsibility which is defined as at least minimizing if not actually avoiding the social costs of its strategic decisions.

Zamagni (2006) vigorously supports an increase in stakeholder participation in corporate decisions. He argues that although managers are appointed by shareholders, they are responsible for and to the entire corporate enterprise. Otherwise it is difficult to justify the limited liability of shareholders. Stakeholder participation in corporate governance means shifting control from capital to labor and encouraging the development of institutions to change the balance of power at the bargaining table. The goal is to achieve “*cooperative work toward the common good in economic efficiency*”(O’Boyle, 1998) where *efficiency* is defined in broad terms including social ends. Codetermination in Germany and producer cooperatives in Italy are concrete cases of successful and lasting collaboration and incentive for responsibility.

Rules are needed for reforming capital in ways that are complementary to labor. Corporate social responsibility experiments are not enough; they need to be backed by general institutional reform. One such rule would limit the difference between the highest paid employees whose compensation often is tied to short-term company performance and the lowest paid who typically receive no compensation beyond their wages. Another would extend the U.S. practice of experience rating the state unemployment insurance tax paid by the firm to its corporate profits tax so that those taxes would be lower when it retains its work force and higher when it dismisses its work force. A third would require the firm to cover the full cost of relocating an employee who is willing to move when the firm relocates who otherwise would be terminated and unemployed.

6. Closing Comments

In an economic environment in which desirable social outcomes are increasingly traded-off against profits, persons acting on their own cannot bear all the responsibility for “pro-social” outcomes. Ethical behavior emerges only within the framework of the right institutions, in

particular as CST has always advocated, institutions that facilitate greater dialogue between the different interests represented in production organizations (Alford and Naughton, 2002; Garvey, 2003; Maines and Naughton, 2006). Individual ethics should be complemented by socio-economic institutions helping individuals work for the common good, including a renewed emphasis on ethical education, common definition of entitlements, and acknowledgement of the duties that accompany personal rights.

The global collapse of financial markets linked importantly to the introduction of new financial products in which the return was emphasized and the risk glossed over provides a unique opportunity to contribute to the dialogue on what needs to be done to address the broader problem of financialization. Specifically, how does a person with a high regard for CST introduce a more personalistic/inclusive view of human nature where economic rewards are widely shared into a culture in which the individualistic/exclusive view of human nature where those rewards are huge because they are restricted? Where positive-sum outcomes are preferred to zero-sum outcomes? Where a better balance is struck between the social values of individual freedom, equality, and community? Six suggestions come to mind.

1. Define with clarity and specificity what it means to be a *good* company, conduct on-site evaluations of companies required to identify *good* companies, construct a listing of such companies with brief sketches that demonstrate why they were selected, and release that listing to the general public so that other companies may learn how to become *good* companies. For example, the head of U.S. equipment manufacturer John Deere calls explicit attention to the four cardinal virtues of fortitude, temperance, prudence, and justice which he traces to Plato, Aristotle, the Stoics, and Aquinas and which he characterizes as “necessary though not sufficient for sustaining prosperity” (Lane, 2003).

2. Teach over and over in the undergraduate and MBA business programs that including everyone with *personal* rights deriving from their common contractual ties to the company as owners/shareholders, employees, suppliers, customers, and host cities and towns rather than excluding everyone except those with *property* rights as represented by their ownership shares makes for a stronger company because inclusion brings together and makes available to the company a wider array of human skill, talent, and energy.
3. Reaffirm the need for codes of ethical conduct, whether written or unwritten, that incorporate CST ethical concepts that can be embraced across a wide spectrum of religious convictions and that are revised as new problems arise in financial affairs, compliance with which should be included in an employee's performance evaluation.
4. Offer technical assistance to companies, possibly while they are engaged in mediation or arbitration proceedings, to establish and update their codes of ethics so that they are more inclusive in scope.
5. Institute forums, permanent or ad-hoc as required, that encourage dialogue among the various parties involved so that the voices of all the stakeholders have an opportunity to be heard. In this regard, the "best practices" model can be most useful.
6. Call on investment advisers to emphasize with their clients the importance of due diligence in making investment decisions through a careful review of the risks involved especially with futures contracts where the investor who gets it right regarding future prices takes the gain and the one who gets it wrong suffers the loss.

Much of this work can be done with the active support of universities provided they have the technical competencies, objectivity, and impartiality to conduct themselves not as champions of one of the parties involved but as advocates for sorting through the tough issues and conflicts

in order to work out a reconciliation. There was at one time such an institutional force in the Jesuit staffed Institute of Social Order at Saint Louis University where committed Jesuit specialists in issues such as labor negotiations, unemployment insurance, and codes of ethics worked with considerable success in a hands-on way in resolving work-related disputes. We need to see that kind of institution re-emerge with the support and energy of *good* men and women of faith and conviction, institutions like the Vincentian Center for Church and Society at St. John's University in New York, the John A. Ryan Institute for Catholic Social Thought at the University of St. Thomas in Minnesota, and the Center for American Catholic Studies at Fordham University in New York. CST must be put into action and that happens when men and women are not only willing to act but also well prepared, lest they do more harm than good.

It is foolhardy and misguided to think that financialization can be curbed entirely. The practice richly rewards the few who through luck, guile, smarts, or effort are able to position themselves ahead of others and take the lion's share of the available financial gains. It is much more reasonable and practical to think in terms of limiting the abuses of financialization with the intent of fostering equality and community without at the same time trampling on individuality. This is not a "one and done" activity. It takes a life-long commitment.

Notes

1. Available at: <http://gsearch.vatican.va/search?q=encyclicals>.

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