

---

# GLOBALANCE IN INTERNATIONAL FINANCE ETHICS

## 国际金融伦理中的全球平衡

---

CHRISTOPH STÜCKELBERGER

In this short presentation, after an introduction, let us focus on three key topics of the Ethics of International Financial Markets during and post Covid pandemic. For more information, please see my essay, “Financial Markets: Debts, Innovation, Stabilization” (Stückelberger, 2020, pp. 317-333).

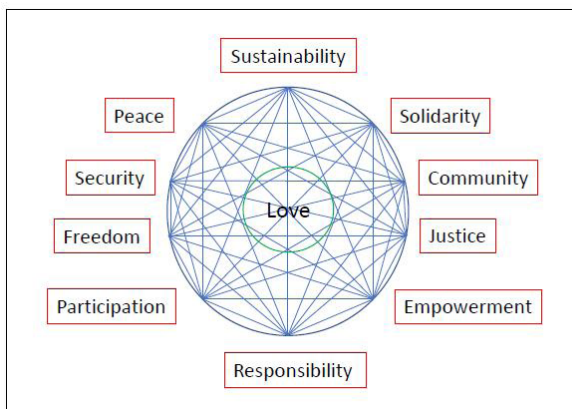
### Introduction: From Polarised “-isms” to Global Balance

The current geopolitical situation is characterized by manifold severe political, economic, ideological, religious, social and cultural polarizations. They are expressed in ideologies which all have in common that they absolutize one value over the others and thus claim an absolute standpoint. As ideologies each ends as an “-ism”: Extremism, terrorism, fundamentalism, cyberism, populism, racism, conspiracyism etc. (Stückelberger, 2020, pp. 80-94).

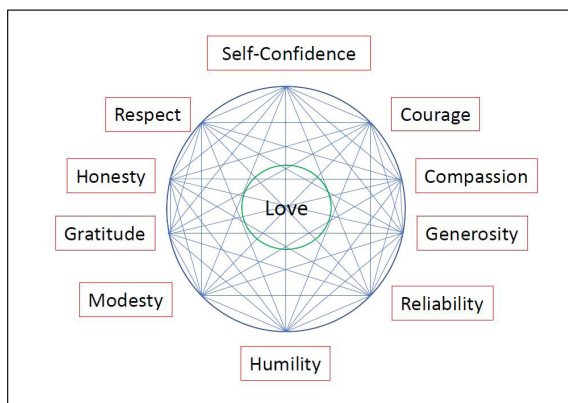
The alternative to these polarized world views is a global balance of values and virtues. Not the “or” but the “and,” not you or me but you and me. Freedom with justice, sovereignty with

solidarity, individual empowerment with social community etc. This deeply relational world view does not deny manifold differences but seeks to keep opposite values and virtues in a dynamic balance. This balance can be reached when we act in every decision out of the centre of ethics, which is love (“Agape” in the Biblical tradition), as the world religions emphasize.

### Relational Values



### Relational Virtues



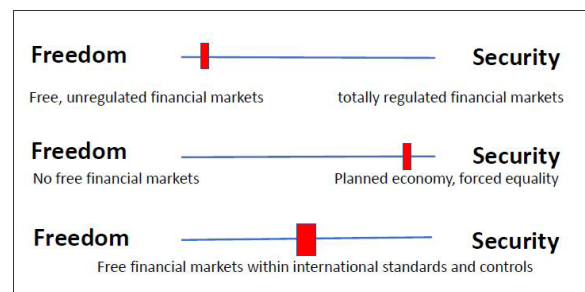
From an ethical perspective, populist, polarizing governments are hopefully replaced by governments acknowledging a global balance that can prove reliable in international cooperation.

How can this now be applied to international financial markets? Here are three examples:

## 1. Post-Dollar Global Financial Architecture

The US dollar is de facto still the lead currency and reserve currency of the world. In 2020, 90 percent of all global financial transactions used the US Dollar, compared to 60 percent before the financial crisis of 2008. The US Federal Reserve Bank therefore has an enormous global power and plays de facto a role almost as a global central bank, as experts say. At the same time, the USA behaves less and less as a reliable global and fair superpower, integrated in multilateral systems, but behaves as a solipsistic player focused on self-interest. This is a main reason why the USA lost moral integrity and credibility. However, the US power in the financial markets is bigger than ever and is one reason for dangerous economic, military and technological risks and disruptions.

Globalance means that the global financial architecture has to reflect global interdependence, which creates stability and security.



In ethical terms, it is therefore more urgent than ever to develop a multilateral, post-dollar global financial architecture. Free financial markets are balanced with strong international standards, controls and a fair playing field. My concept of Globalance as a balanced world of values, virtues and power sharing would lead to a balance of freedom and security, translated into a balanced, multilateral basket of currencies (Ruchir, 2020, pp. 70-81). They together build the lead currency instead of the US Dollar as the single lead currency. A global reserve bank would

regulate it, as proposed by Josef Stiglitz. The Bank for International Settlements BIS in Basel could serve as global reserve bank, as it is already the bank of the national banks.

## 2. Balanced Debt Policies

A second key point in the new financial architecture post-Covid is how to deal with the new global indebtedness partly due to the pandemic breakdown of economies. Carmen Reinhart, Vice-President and Chief Economist of the World Bank, mentioned in November 2020 that due to the fragility of the debt market all debts in developing countries are being called, including those held by China. These debts reach a level, which was not seen in history and risk becoming a heavy burden for generations or at one point to break down. A new debt ethics in public as in private life is needed. It includes educational efforts targeting younger generations who grew up with a much more relaxed and risky way of accumulating debts than the war generation, but also populist politicians who promise heaven on earth for their population and leave the debts for the next succeeding governments. Debt ethics also means to further reduce the bubbles of the speculative markets and link economy to producing impact-oriented economic activities.

Balanced debt policies are needed on manifold levels: individual consumers and households, private and state enterprises, investors, governments and national regulators, multilateral institutions and international standards, geopolitics and international financial architecture.

In ethical perspective, e.g., honoring the values of justice and responsibility and the virtues of reliability and compassion should be balanced: debts need to be paid as contractually agreed, as long as the level of interest and the conditions are ethically justified. This is fair and just and an expression of reliability between creditor and debtor. But in catastrophic situations such as the

Covid pandemic, indebtedness is not the result of irresponsible business, reckless mismanagement or greed, but the necessity of enabling the survival of millions of people and enterprises by state and private support. Since the debts are not the result of a self-inflicted failure, but of external factors, responsibility and compassion of the stronger towards the weaker are needed. For example, I was directly involved in development of the «Swiss Debt Reduction Facility», in 1991, when the Swiss Parliament – during the celebrations of the 700th anniversary of Switzerland – allocated 700 million Swiss Francs for debt reduction of developing countries. This facility made possible over 2 billion in debt reduction and respective innovative development programs within an innovative debt cancellation model. Learning from such experiences suggests that debt reduction facilities not only are needed but are feasible even though no country, bank, company or foundation may be willing at the moment.

## 3. Fintech for Impact Investing

The technical revolutions in digital cyber space may also have an impact in the financial sector. Digital currencies, cryptocurrencies, cash-less payments etc. are no longer a small niche market, but have become mainstream in more and more markets. The banking sector is undergoing profound changes, and thus new ways of risk management, supervisory systems and ethical standards are needed. ethical investment, sustainable investments, and impact investing are concepts, which are becoming mainstream. Of course, there is the danger of whitewashing in the sense of doing almost the same as before under new terms. New actors come to the financial markets. Facebook's Libra, the Chinese digital currency and the cryptocurrency markets may not be the final solutions, but they show how disruptive and volatile the financial markets are. In ethical terms, a key requirement is to find a balance among the four values of freedom, fairness/

justice, sustainability and security: freedom of capital trading and transfer while respecting fairness rules, equality in chances and access, sustainability in impact and security of financial assets. Furthermore, the balance of national sovereignty in monetary regulations and cross-border global mechanisms has to be considered. The resistance against Libra as currency proposed and most probably dominated by Facebook as a private company shows the ethical challenge. Globalance in financial technologies means more cooperation than unilateral dominance. In addition, the United Nations' Sustainable Development Goals (SDGs) must become an integrated part of new fintech. The European Green Deal, 2019-2024, of the European Union is an encouraging and ethically important example of progress toward sustainable economy with the support of the financial markets.



CHRISTOPH STÜCKELBERGER, PROFESSOR OF ETHICS, President and Founder Globethics.net, Geneva, Switzerland

## REFERENCES 参考资料

- Stueckelberger, C. (August 2020). *Globalance. Ethics Handbook for a Balanced World Post-Covid*, Geneva: Globethics.net
- Sharma, R. (May-June 2020) The Comeback Nation: U.S. Economic Supremacy Has Repeatedly Proved Declinists Wrong, *Foreign Affairs*, pp. 70-81.