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The international monetary and financial systems: Who's moving any reform?

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Within the colloquium on Bernard Lonergan's Economics and the Global Financial Crisis, thank you for considering the *Note* by the Pontifical Council for Justice and Peace, *Towards reforming the international financial and monetary systems in the context of global public authority,*[2].

I begin with ways of thinking about the common good and human action, in a style that takes inspiration from Bernard Lonergan, in order to situate our reflection. Against that horizon, then, I will outline the topics and arguments of the *Note*, of which the foundations, in the next part, are the two key principles, the common good and subsidiarity. Two brief case studies exemplify the proposals being made, and the paper concludes with some practical applications.

I. THE COMMON GOOD: IS IT COMMON ENOUGH?

Let me start with our common-sense understanding of *the common good*. What makes it common and what makes it good? Lonergan well reminds us that the common good is both intrinsically and dynamically universalizing. It is intrinsically universalizing by definition – *common* entails everyone, and everyone must mean everyone without the exception of "those over there whom I don't like". It is *good* in that it refers to the fundamental things of value that benefit human life. Yet in human experience so far, the good is clearly <u>not</u> universal at all times and in all ways; it is not evenly distributed among everyone. Nevertheless, this situation can and does change and, when it does, the human race experiences progress.

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[2] Revised Edition, Libreria Editrice Vaticana, 2011, pp. 42. http://www.pcgp.it/dati/2011-11/08-999999/Towards%20Reforming%20ENG.pdf

I would point to two forms of progression. We have the positive developments of human ingenuity, in science, technology, commerce and social organization. Think of medical research that brings better healthcare to more people. Think of the printing press that made it possible to benefit from information and knowledge over barriers of distance and time. A second form of progression is what reverses evil and dismantles obstacles which would render the good less common, for example, the sins such as selfishness which ossify into sinful social patterns or structures such as racism and colonialism.

It is important to understand that both categories, those that are beneficial and those that are detrimental to the common good, have the same origins. They are human inventions. Racism is no less invented by man than is the printing press. Learning how to do scientific research in order to invent useful pharmaceuticals and prosthetics is no less an educational outcome than inventing new ways to exploit poor populations in resource-rich countries in the post-imperial era of colonialism.

What should we now say about globalization? Undeniably it has all sorts of beneficial effects. Think of the reduction of distances and the dismantling of geographical and technical barriers. Communication and many forms of transportation have become extremely rapid and extremely cheap. They make it possible to universalize many features of human existence: exchanges, procedures, sharing of goods, information, knowledge, culture; invention, production, distribution, consumption, all in an ever denser grid of interconnections ... and inter-dependencies.

However, as we saw with the –isms a moment ago, humans come up with detrimental inventions as well as beneficial ones. Does the common good automatically and unconditionally benefit from globalization? Certainly not. The instruments of globalization can also serve global-ism in the pejorative sense. Decisions about living conditions in a locality are often made by investors who don't live there, and the effects of that ignorance are as pernicious as what happens to your neighbors downstream from you if your town does not process its effluent properly, or as the 'out of sight out of mind' downwind effects of industrial smokestack emissions. Conditions affecting the common good are far more global and globalizing than they ever have been; they have globalized extremely rapidly; they continue to do so.

Because of the ever-developing channels and facets of globalization, accordingly, important aspects of the worldwide common good can be enhanced or compromised, in ways and with a rapidity undreamt of until recently. This Conference focuses on unprecedented damage in the economic sector: the crisis unleashed in 2007-2008 which is with us still today and which optimists say might wither away by ‘17 or ‘18. We also face unprecedented environmental challenges and, in that domain, there may be even less grounds for optimism than regarding the financial and monetary systems.

If important aspects of the worldwide common good are seriously compromised by human choices or decisions or procedures, then, it behooves us to ask: who is in charge here?

And there are at least two kinds of answers, and both may well be represented at this Conference:

One answer, more typical of the English-/German-speaking world, sees individuals pursuing their rational self-interest and together contributing to the common good (here we focus on economic life). A common interpretation of Adam Smith’s image of the “invisible hand” states that, in the market, the sum of individual behaviors, acting and cooperating in rational self-interest, eventually best attains the greatest good for the greatest number. This view would insist that, no matter what has gone wrong and no matter whose fault it may be, the market should be left to set itself right again. Whether or not I interpret Adam Smith correctly, my problem is with the ‘*eventually*’ – how long do the poor have to wait for benefits to trickle down to them?. According to this reading, to intervene – that is, to meddle – is to make things worse. Thus, it was no lack of regulation but an excess of meddling which provoked the crisis in the first place; and it fears that any new or further meddling will certainly exacerbate and prolong the crisis. This position likes to quip that the crash of '29 caused the depression, but it was Hoover’s and Roosevelt’s interventionist policies which made the Depression Great.

Another view favors free market solutions but acknowledges that markets can be more or less efficient. One of the classic problems is information failures, which interfere with the ability of individual participants to make rational decisions. So some oversight or supervision is needed to ensure that markets flourish. Authority needs to assure the legal, political and social conditions and institutions which enable persons and society to cooperate freely and, achieving their ends, to generate the common good.

Another answer is more typical of the Romance language countries. It finds self-regulation or oversight by persuasion insufficient in the face of unethical behavior. Individual actors hide behind corporate façades – as if 'the invisible hand' made them choose to act recklessly and selfishly as individuals. And when enough individuals colluded in this manner, mutually stimulating and reinforcing one another due to the fierce competition in the finance industry; and when they could proceed for years without strong supervision and regulation – voilà: the crisis of 2007-2008 with no real end in sight. On this view, insofar as the interconnections become ever more global, the common good – or its absence – becomes more universal, then there has to be a commensurate exercise of responsibility. If process breaks down, the breakdown has to be analyzed, those persons and institutions responsible have to be identified, and remedial (if not punitive) action has to be taken.

Although the *Note* and my question "Who is in charge here?", would lean toward the second type of answer, I think the *Note* should also be read as pleading for those "legal, political and social conditions and institutions" which minimally provide for the free exercise of economic activity. Both sides want reform. And the goal of the reform, by which both camps should be judged, is the existence of free and stable markets that serve the common good of everyone. The title of the *Note* proposes "global public authority" to exercise responsibility, on behalf of us all, to reform the international financial and monetary systems, but the last word can be read as "an authority with a name and address" or as "the exercise or function of authority". Before opening the *Note*, however, let us ask, "What is a *Note*?"

II. GENRE OF *THE NOTE* AND ITS MAIN POINTS

A *Note* is a document by a Dicastery (or department) of the Holy See, that is meant to provoke reflection and generate discussion. A position it takes would not convey official Church policy, much less teaching; on the other hand, what it says is not contrary (or "displeasing") to the Holy See. Thus, one should neither minimize nor exaggerate the authority with which, in late October 2011, the Pontifical Council for Justice and Peace published its *Note* with the upcoming G20 meeting in Cannes, 3-4 November, in view. It seemed an opportune moment to engage – indeed stimulate – international reflection and discussion about the financial markets still in the grip of the crisis which burst open in 2007-2008.[3]

The 42-page *Note* consists of a brief presupposition and then four chapters of roughly equal length.[4]

The presupposition clarifies, from a faith point of view, the economic contribution to overall human development. To which I would like to add that both the *Note* and this paper belong to the genre "Catholic social teaching" which is founded upon faith and upon reason. *Gaudium et Spes* makes the faith role clear: "The Church guards the heritage of God's Word and draws moral and religious principles without always having at hand the solution to particular problems."[5] Those competent in the disciplines of economics need to contribute sound analysis and tried methods towards understanding the actual economic situation. Working together, we can draw out the practical implications of ethical principles that derive from both the natural and the Christian view of human nature.[6] Ultimately, both faith and reason tell us that the common good is a gift of the Divine, put into human hands for us to foster, to increase and to distribute. Furthermore, God has put us in charge, not some set of invisible hands; so WE are in charge, and of those to whom much has been given, much will be required in answer.

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[3] Earlier publications on economic and financial issues include *Social and Ethical Aspects of Economics – A Colloquium in the Vatican* (1992), Antoine de Salins and François Villeroy de Galhau, *The modern development of financial activities in the light of the ethical demands of Christianity* (1994), and *A New International Financial Pact* prepared for the International Conference on Financing for Development in Doha (2008).
[4] For an excellent explanatory summary of the *Note*, see Paolo Foglizzo, "Nuovi orizzonti per la finanza internazionale," *Aggiornamenti Sociali*, febbraio 2012, 117-125.
[5] *Gaudium et spes*, § 33.
[6] Cf. Jacques Bichot, Pierre Coulange, Jacques Lecaillon, Jean-Yves Naudet, *Doctrine sociale de l'Église et science économique: Quelques réflexions sur le rôle respectif des économistes et du magistère*, Collection du Centre d' Éthique Économique, Presses universitaires d'Aix-Marseille, 2013.

The first chapter, *Economic Development and Inequalities,* aptly **describes** the multiple causes of the crisis and its disastrous effects. “Since the 1990s, we have seen that money and credit instruments worldwide have grown more rapidly than the accumulation of wealth in the economy, even adjusting for inflation. From this came the formation of pockets of excessive liquidity and speculative bubbles which later turned into a series of solvency and confidence crises that have spread and followed one another over the years. The speculative bubble in real estate and the recent financial crisis have the very same origin in the excessive amount of money and the plethora of financial instruments globally” (p. 11) as well as in “ethical breakdowns occurring at all levels of a world economy that is increasingly dominated by utilitarianism and materialism. At every stage of the crisis, one might discover particular technical errors intertwined with certain ethical orientations” (p. 10).

The second chapter, *Three Ideologies and the Ethical Challenge*, provides an **analysis** of the economic liberalism, the utilitarian thinking and the unquestioned supremacy of technology which are at the roots of the crisis, plus the ethical and cultural shortcomings which exacerbate the damage.

The third chapter, *An Authority over Globalization,* makes a **proposal** grounded in the common good and oriented by solidarity and subsidiarity. It calls upon the world community to recognize that the global common good is seriously compromised by the inherent defects of the international financial and monetary systems, and accordingly to exercise proportional responsibility for it. This call for a supra-national or global approach would implement what the G20 leaders themselves acknowledged in the *Statement* they adopted at their Pittsburgh Summit in 2009: “The economic crisis demonstrates the importance of ushering in a new era of sustainable global economic activity grounded in responsibility.”[7]

The fourth chapter, *Towards Reforming the International Financial and Monetary Systems in a way that Responds to the Needs of all Peoples,* considers **implementation**. It elaborates what the 2009 Pittsburgh Summit itself generated: a proposal “to reform the global architecture to meet the needs of the 21st century,” and later a proposal “to launch a framework that lays out the

[7] *Leaders’ Statement,* The Pittsburgh Summit, 24-25 September 2009, Annex, 1.

policies and the way we act together to generate strong, sustainable and balanced global growth."[8]

The *Note* then concludes with a historical **reflection** on globalization and states: "The time has come to conceive of institutions with universal competence, now that vital goods shared by the entire human family are at stake, goods which individual States cannot promote and protect by themselves. The conditions exist for going definitively beyond a 'Westphalian' international order in which States feel the need for cooperation but do not seize the opportunity to integrate their respective sovereignties for the common good of peoples" (p. 40).

III. FOUNDATIONS: COMMON GOOD and SUBSIDIARITY

Against the backdrop of our opening Lonerganian reflection (I.) and with this skeletal sketch of the *Note* (II.), we can now situate its argument in Catholic Social Teaching about the common good and about subsidiarity.

A. Common Good

The *Compendium on the Social Teachings of the Church* assembled by the Pontifical Council for Justice and Peace provides three important additions to what would be a secular and common-sense understanding of the common good. Besides providing a handy basic definition – it is "the sum total of social conditions which allow people, either as groups or as individuals, to reach their fulfilment more fully and more easily" – the *Compendium* tells us, first, that the common good has a transcendental foundation:

> *The principle of the common good, to which every aspect of social life must be related if it is to attain its fullest meaning, stems from the dignity, unity and equality of all people*. According to its primary and broadly accepted sense, *the common good* indicates "the sum total of social conditions which allow people, either as groups or as individuals, to reach their fulfilment more fully and more easily".[9]

[8] *Leaders' Statement,* The Pittsburgh Summit, 24-25 September 2009, *Preamble,* nos. 18, 13.
[9] Vatican II, *Gaudium et spes,* § 26; cf. *Catechism of the Catholic Church,* §§ 1905-12; John XXIII, *Mater et Magistra,* § 51; John XXIII, *Pacem in terris,* §§ 57-59; Paul VI, *Octogesima Adveniens*, § 46.

Second, it is a larger notion than what mere common-sense tells us.

> *The common good does not consist in the simple sum of the particular goods of each subject of a social entity. Belonging to everyone and to each person, it is and remains "common", because it is indivisible and because only together is it possible to attain it, increase it and safeguard its effectiveness, with regard also to the future*.

The ultimate goal of the common good – its fulfilment – is nothing less than what Paul VI and Benedict XVI call integral human development, that is, the spiritual, moral, and material flourishing of each and every human being as free, responsible and social persons.[10]

And third, the common good has a necessary moral dimension:

> Just as the moral actions of an individual are accomplished in doing what is good, so too the actions of a society attain their full stature when they bring about the common good. The common good, in fact, can be understood as the social and community dimension of the moral good.[11]

This gives us a rich, vigorous standpoint for looking at actions in the economic sphere. The persons and communities who are economic actors are also moral actors by virtue of being human. Economic choices, whether as consumers, business-leaders, bankers, or policy-makers, therefore have an inescapable moral dimension. The economy is no more a morality-free zone than politics, civil society, or the family. Economics, like all positive sciences, contains its own truths upon which the Church does and must reflect. Those same economic truths, however, must be situated in the full truth about the human person – the one who alone is made as *Imago Dei*.

Now our relatively new context is globalisation, even though it has been anticipated by ideals like the one human family or images like the global village. What we experience, increasingly, is the complex interdependence of many human realities that we used to think of as separate from one another. For example, we now realize that the many different climates belong to a single global climate – even if we still cannot explain all or even many of the interconnections. Another example is our shared dependence on a single global warehouse of natural resources. So

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[10] Especially in *Populorum progressio* and *Caritas in veritate*

[11] Pontifical Council for Justice and Peace, *Compendium of the Social Doctrine of the Church*, Libreria Editrice Vaticana, 2004, § 164. Italics in the original.

globalisation, among its multiple meanings, should also mean the global nature of the common good. This is the presupposition of the *Note*: “Every individual and every community shares in promoting and preserving the common good” (p. 9).

One could argue that “complex interdependence” in a globalized world IS the story of the crisis. We learned that an economic dislocation in one country, one market, one segment of the economy can reverberate instantaneously across the world and lead to significant economic effects, often in unpredictable ways. So a crisis that started in the US housing market soon engulfed Europe and crushed economic growth across the rest of the world, including in some of the world’s poorest countries. This is the real reason why we need a governance solution at the global level.[12]

B. Subsidiarity

“Subsidiarity[13] is first and foremost a form of assistance to the human person via the autonomy of intermediate bodies. Such assistance is offered when individuals or groups are unable to accomplish something on their own”,[14] but such assistance is carefully arranged to fully respect the dignity and capacities of the individuals or groups being helped. The higher level body respects the authority and autonomy of the lower, more local body, even if the latter needs help. Thus subsidiarity “entails a corresponding series of *negative* implications that require the State to refrain from anything that would de facto restrict the existential space of the smaller essential cells of society”.[15]

At the national level, the ultimate guarantor and arbiter of the common good in each country is the State. Below that level, subsidiarity tells the State to respect the competence of more local bodies as far as is reasonable. Above that level, subsidiarity acknowledges that the State’s autonomy is not to be subordinated to regional or global forces except for serious reasons. In this context, the *Note* argues that proportionate authority (in the form of oversight, regulation or

[12] According to a well-placed observer, the International Monetary Fund is actively exploring interconnectedness between countries – how what happens in one place “spills over” and affects everyone else.
[13] Cf. Pius XI, *Quadragesimo Anno,* § 80; John Paul II, *Centesimus Annus*, § 48; *Catechism of the Catholic Church*, § 1883.
[14] *Caritas in veritate,* § 57.
[15] *Compendium,* § 186.

other, depending on the situation) needs to be exercised at the regional and even global levels to discern competing values, to help various goods to stay in harmony or come into harmony, and to orient competing or unrelated interests toward the common good. Subsidiarity justifies the need for higher authority as – in the globalized world – the right level to make decisions is often the global level.[16] But the *Note* understands the inherent danger of too much power at the top, and it turns to the same principle for a safeguard. Only through the same principle of subsidiarity can "the danger of a central Authority's bureaucratic isolation be avoided – an isolation that would risk its being delegitimized by an excessive distance from the realities which underlie its existence, and easily falling prey to paternalistic, technocratic or hegemonic temptations" (28). In this sense, subsidiarity has a dual function. It both requires and controls the taking of proportionate responsibility through the exercise of appropriate authority, whatever the correct level. And in the case of the world economy, that correct level is the global level. Thus,

> the principle of subsidiarity is particularly well-suited to managing globalization and directing it towards authentic human development. In order not to produce a dangerous universal power of a tyrannical nature, the governance of globalization must be marked by subsidiarity, articulated into several layers and involving different levels that can work together. Globalization certainly requires authority, insofar as it poses the problem of a global common good that needs to be pursued. This authority, however, must be organized in a subsidiary and stratified way,[17] if it is not to infringe upon freedom and if it is to yield effective results in practice.[18]

The need for global authority is variously but consistently treated by modern Holy Fathers beginning with Pope Pius XII all the way to Pope Benedict XVI. It is in paragraph 67 of *Caritas in veritate* where the Holy Father makes the argument at the basis of our *Note* about the international financial and monetary systems. Indeed, with his global perspective and tireless dedication to the common human good, the Holy Father echoed the *Note*'s concerns at the beginning of 2012, when addressing the Diplomatic Corps accredited to the Holy See:

[16] "The time has come to conceive of institutions with universal competence, now that vital goods shared by the entire human family are at stake, goods which individual States cannot promote and protect by themselves" (*Note*, p. 40).
[17] Cf. *Pacem in terris*, § 140.
[18] *Caritas in veritate*, § 57.

> The global economic and financial crisis … has not only affected families and businesses in the more economically advanced countries where it originated, creating a situation in which many people, especially the young, have felt disoriented and frustrated in their aspirations for a serene future, but it has also had a profound impact on the life of developing countries. We must not lose heart, but instead resolutely rediscover our way through new forms of commitment. The crisis can and must be an incentive to reflect on human existence and on the importance of its ethical dimension, even before we consider the mechanisms governing economic life: not only in an effort to stem private losses or to shore up national economies, but to give ourselves new rules which ensure that all can lead a dignified life and develop their abilities for the benefit of the community as a whole.[19]

IV. CASE STUDIES

A. Too Big to Fail

Banks of enormous size – often described as "too big to fail" – have caused and continue to cause great instability for the global economy. There is broad agreement that this was a huge problem that led to the crisis, and is still a major problem today. The idea is simple: when you have megabanks, letting them fail would prove disastrous, as they would bring down a whole swath of the economy with them – in the jargon, they are "systemically-important financial institutions". And indeed, this is what happened when Lehman Brothers collapsed in 2008, sparking a global financial meltdown. But the banks know this, so they take bigger and bigger risks with borrowed money – they know that they get to keep all the upside and, if things go bad, the taxpayer gets saddled with the downside. This is why megabanks can borrow more cheaply than small banks, and gain a competitive advantage over them. And it is still going on, as we see in the huge bets taken out by JP Morgan this year! More fundamentally, this encourages banks to try to make a fast profit by trading (gambling, basically) rather than investing funds in productive parts of the economy.

[19] Benedict XVI, *Address* to the Members of the Diplomatic Corps accredited to the Holy See, 9 January 2012.

By way of contrast, consider the constructive example of community banks in the United States. Defined as financial institutions with no more than $10 billion in assets, community banks hold less than one-fifth of the nation's banking assets but hold more than half of the industry's small-business loans.[20]

The regulators at the Financial Stability Board are working on proposals to deal with this too-big-to-fail problem. In the US, the Dodd Frank Act tries to make this kind of bailout much harder. The Basel committee wants megabanks to hold a higher ratio of capital to their lending activity. In other words, they would have to base lending more on equity and less on borrowed money. But many people – on both the right and the left – are calling for the breakup of the large banks as the only lasting solution to this problem.

Anything 'too big', which smothers what is of normal and functional size, is a clear counter-illustration of the principle of subsidiarity.

B. A Mouse that Roars[21]

The Malta Financial Services Authority is an example of what the *Note* is talking about. Its core function is exercised by the Supervisory Council. The "Supervisory Council shall be responsible for the approval of and for the issuing of licences and other authorisations, for the processing of applications for such licences and authorisations, and for the monitoring and supervision of persons and other entities licensed or authorised by the Authority in the financial services sector."[22] The Authority also participates in the work carried out by the three independent authorities of the European Union, namely the European Banking Authority, the European Securities and Markets Authority and the European Insurance and Occupational Pensions Authority, in improving the protection of investors and reinforcing stable and well-functioning financial markets and institutions in the EU. The three Authorities seek to achieve this mission

[20] Proposals of Richard W. Fisher, president of the Federal Reserve Bank of Dallas, in Gretchen Morgenson, "A call to cut big banks down to size," *Herald Tribune*, 22.1.13, p. 18.
[21] For those who have forgotten or are too young to remember, this alludes to a 1955 satirical novel by Leonard Wibberly, about a tiny country that tries to lose a war with the USA in order to receive rebuilding assistance, but inadvertently wins!
[22] http://www.mfsa.com.mt/pages/default.aspx. With gratitude to Dr. Andre Camilleri, Director General of the Malta Financial Services Authority.

mainly by building a single rule book for EU financial institutions and ensuring its consistent application and supervision across the EU.

Thanks to the MFSA's vigilant monitoring and competent supervision, and thanks to the high ethical standards of those involved in the country's economy, Malta seems to have weathered the crisis better than many other countries. And there do not appear to be critics who call it "meddlesome" and argue that Malta would have done even better without it. If other European countries had functioning national units analogous to the MFSA for the three European Authorities to work with, would Europe as a whole not be weathering the crisis better, too? Finally, there comes the obvious leap of logic to the global level. Following the same pattern, the "global public authority" would respect and work with a variety of democratically-legitimized bodies exercising oversight at "lower" levels (national, continental); it would provide increasing global coordination; and it would have authority and clout ... indeed, good global governance!

V. BY WAY OF CONCLUSION, THE WAY OUT

My title "The international monetary and financial systems", is a question: "Who's moving any reform?" It implies that there ought to be an exercise of responsibility in response to a dynamic that has a great impact on the global common good (especially the wellbeing of very large numbers of people). The crisis has exposed, not only dangers but real damages to the common good of so many people that it is neither abstract nor hyperbolic to speak of "global or universal common good." The crisis has revealed how important it is to forge real, effective institutional (and therefore political) solutions which need to be governed by the principle of subsidiarity.

Three qualities of reflection characterize the *Note:* it strives to be *radical*, *ambitious* and *modest*. Efforts like the present Colloquium to comprehend and to explore ways to overcome the crisis need to show similar qualities:

- These efforts need to be ***radical*** in order to penetrate to the real roots (*radix*) of the current crisis, and also to identify the deepest foundations for lasting solutions.
- Secondly, they need to be ***ambitious*** in constructing proposals to reform the system and establish order at the global level. Being the economic, social and political creatures we are, this is our responsibility to one another in the global human family.

- Thirdly, any strategy ought to be ***modest*** in suggesting small first steps in the right direction. One cannot reform everything at once; it is better to have a series of limited, achievable goals, mapping each step so that it points toward the long-term goal.[23]

The ultimate objective, of course, is to have global authority (neither too much nor too little!) exercising the necessary universal jurisdiction over the financial and monetary systems, and over other components vital to the global common good, because such an exercise alone is proportional to the current prolonged crisis and to the inevitable future ones. The *Note* counsels both determination and patience:

- [T]he first steps towards a public Authority with universal jurisdiction [is] a first stage in a longer effort by the global community to steer its institutions towards achieving the common good (34).
- It is sensible and realistic to allow the necessary time to build up broad consensuses, but the goal of the universal common good with its inescapable demands is waiting on the horizon (36).

Over time, I believe, the shape of the working solution will slowly emerge, be it more like a global government with a name and address, or be it rather a global governance thanks to the coordinated exercise of authority in the economic and other fields prone to world-wide crisis.

In conclusion, let me quote our former Holy Father's challenge to us to give our very best:

> The current crisis obliges us to re-plan our journey, to set ourselves new rules and to discover new forms of commitment, to build on positive experiences and to reject negative ones. The crisis thus becomes an opportunity for discernment, in which to shape a new vision for the future. In this spirit, with confidence rather than resignation, it is appropriate to address the difficulties of the present time.[24]

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[23] A qualified observer ratifies these reform targets with a very human dimension. "Recent experiences in establishing the Single Supervisory Mechanism for banks in the European Union show how valid are the three qualities proposed: radical, ambitious and modest. The gravity of the crisis within banks moved many to set too ambitious a starting-date for the European Central Bank to assume supervisory control, namely 1 January 2013. But now everyone realises that it is better to establish a workable and achievable supervisory mechanism – smaller steps, if you will – which means initially supervising a smaller number of banks and, at a later date, taking full supervisory control."

[24] *Caritas in veritate,* § 21.

Thank you for including the modest, radical, and ambitious programme of the *Note* in your Colloquium on Lonergan and the Crisis. May God bless every effort toward a better world, at once more human and more divine.