Abstract
In this three-year programme (2019–2021), Socires and the Sustainable Finance Lab (SFL) explore the feasibility of an alternative arrangement for the financial sector; a financial sector that fruitfully interacts with state and society, together setting goals for finance in service of the common good. Why is this necessary? In the past few decades, the ‘logic of finance’ has increasingly nestled itself in all domains of modern societies, crowding out other motives and relational modes for interaction; a phenomenon aptly referred to as ‘financialisation’. Now, with the 2008 financial crisis still fresh in our minds, and other crises - ecological, social and (geo-)political - unfolding before our eyes, research into alternative ways of economic and financial organisation is long overdue. We believe that the countries of the former ‘Rhineland’ - Benelux, Germany and France - still stand in a societal tradition that could be the breeding ground for a fruitful new arrangement between finance, state and society, one in which transactions are embedded in relations. As there is no possibility of dictating this kind of change to any one of the actors involved, we aim to generate such commitment by engaging in high-level dialogue with the relevant stakeholders from the Rhinelandic area. This programme has four pillars – 1) Organising for finance for the common good, 2) Young Professionals programme, 3) International conferences and 4) Working tables - in which different activities are developed, involving both experienced decision makers as well as promising young professionals. All relevant stakeholders for ‘finance for the common good’ will be engaged, and best efforts will be made to inform the public via different media outlets. The staff of both Socires and the Sustainable Finance Lab will execute the programme, and will do so under the joint banner of Finance and the Common Good.

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Introduction
The Finance and the Common Good programme is a joint initiative between Socires and the Sustainable Finance Lab. The programme is an effort to explore the contours and feasibility of relational finance, thereby drawing inspiration, as well as involvement, from a broad range of involved actors, with the explicit purpose of counteracting current systemic transactional finance.

This 6-point ‘White Paper’ provides a short overview of the intellectual and ideological underpinnings of this programme. It starts with a note on its origin and basic motivation and then follows through to its aims, organisational principles and general structure of the proposed activities.

1. Background: do we need a different discourse and practice?
Rapid developments in the fields of (i.a.) media, technology and economy have, in the last fifty years, definitively turned the world into a global village. One exponent of this process of globalisation is the constitution of the present-day financial sector, which is a prime example of a high-tech, hyper-connected, ever-present field of economic buzz. This financial globalisation has brought about an enormous growth in worldwide net wealth, raising millions from poverty. But as the crisis of 2007/8 has shown, there are serious downsides to the current global arrangement of the sector – for example, its intrinsic boom-and-bust character and inherent tendency to develop enormous capital concentrations, as well as practically unlimited debt accumulations.

The financial sector has in recent years been – and remains – under close scrutiny by the media, politics and public, cautious as these are for new crises, scandals or mishaps. Fortunately, the constant attention, as well as introspection by the sector itself, has not been without result. There have been changes in the sector. There is stricter regulation and supervision, both internally and externally; capital requirements have been heightened; ethical codes have been introduced; and both CSR and SDG’s have found a place on the agenda, to name just a few examples. However, one nagging question returns again and again, among academics, journalists and policymakers: has anything really changed? Are we not still caught in the same mono-dimensional financialised logic – that though we are walking a slightly different path, we’re still heading towards the same cliffs?

2. Motivation: societal unrest, academic insights and Laudato Si’

Pope Francis expresses this worry in a succinct way in his encyclical Laudato Si’ (§189): ‘Today, in view of the common good, there is urgent need for politics and economics to enter into a frank dialogue in the service of life, especially human life. Saving banks at any cost, making the public pay the price, foregoing a firm commitment to reviewing and reforming the entire system, only reaffirms the absolute power of a financial system, a power which has no future and will only give rise to new crises after a slow, costly and only apparent recovery. The financial crisis of 2007-08 provided an opportunity to develop a new economy, more attentive to ethical principles, and new ways of regulating speculative financial practices and virtual wealth. But the response to the crisis did not include rethinking the outdated criteria which continue to rule the world’.

These words from the Pope imply that, for a sustainable restructuring of our economy and societies, it is not a mere change of technique, organisation or regulation that is needed, but a complete change of discourse. With his encyclical, the Pope makes a powerful moral statement on the ‘care for our common home’: the need for a grand restructuring of social, ecological and economic structures worldwide. And, as has become clear in recent years, the Pope does not stand alone in this conviction.

‘Our economic illness has a name: financialisation’, writes Rana Foroohar, columnist for the Financial Times, in her work Makers and Takers: The Rise of Finance and the Fall of American Business. In the book she delivers a critique of the Wall Street paradigm: the infectious thought that finance only exists for the sake of finance. Paul Dembinski, director of the Swiss Observatoire de la Finance, uses the same phrase, ‘financialisation’, to describe a broad societal change: ‘the almost total triumph of transactions over relationships’. He points out that in the last few decades, financial motives have gained access to societal domains where they had not been present previously, thereby crowding out other – relational – incentives for social, political and economic organisation. However, as Luigi Zingales stated in his acclaimed 2015 AFA Presidential Address ‘Does Finance benefit Society?’, financial specialists and academics vastly overestimate the benefits of finance, i.e. by misinterpreting forms of pure rent-seeking for actual contribution to economic growth. Not surprisingly, he says, societal perceptions of these same ‘benefits’ are markedly low. Zingales links the rise of populism to the deep societal unrest caused by the financial crisis, a view that he shares with many others, from Adam Tooze (in his 2018 Crashed) to Martin Wolf (in a 2017 Financial Times’ op-ed). According to Joseph Stiglitz and Dani Rodrik, the losers of globalisation, including the disgruntled middle-class of Western societies, now manifest as the Gilets Jaunes. Ultimately, all the authors mentioned above agree that the current form of financialised capitalism is fundamentally unsustainable in the long run, and
that drastic change is needed for new crises to be averted. Following the need to counter the process of financialisation, former Financial Times columnist John Kay states, in his book *Other People’s Money*, that the financial sector should again be made a servant of the real economy, instead of the autonomous, self-indulgent industry it has evolved into in the last few decades.

We have missed the opportunity for true reform in the direct aftermath of the crisis, and that now makes the need for an in-depth and action-oriented dialogue on the foundations of finance, economy and society all the more urgent. This is no ‘quick fix’, as it will require deep thought, true commitment and transformation of attitudes (mind, heart and action), which demands, in the Pope’s words, a ‘long, regenerative process’. Nothing less will do.

3. Urgency: the need for a platform of dialogue
In the Finance and the Common Good programme, we examine and probe in practice the feasibility of an alternative arrangement between finance, state and society. Alternative, in this case, meaning different from the current arrangement as it has evolved in the past fifty years, and which is associated with problems and risks, such as its intrinsic boom and bust character, Anglo-Saxon dominance, a fixation on the short-term, the financialisation of social relations, rising social inequalities and the ruthless exploitation of natural resources. It’s the programme’s purpose therefore to promote and ensure that financial capital is used for the common good, by addressing, involving and committing relevant decision makers in the triangle finance-state-society (business, academia, media and the wider public).

An awareness of the need for change is widely shared, and to this end, various lines of action are already being undertaken, by the financial sector itself, as well as by the state and by a multitude of societal institutions. Thus we see lines of action such as:
1. Increasing our understanding of the problems in the current system.
2. Promoting ethical behaviour through moral appeals, ethical and CSR codes and mobilising consumers.
3. Changing the paradigm of economic education.

All these action lines have their own merits while also suffering from their own limitations. For example, fact-based evidence is not sufficient to change one’s behaviour; ethical training is useful but “working in a bank for three years is enough to forget everything” - etc. The capacity of individuals to change an organisation is limited, and similarly, individual banks cannot change the financial sector, as the financial sector alone cannot change the global economy. All parts of the system are connected and integrated, both horizontally and vertically.

Therefore, this programme chooses, in addition to these lines of action, a different approach. The starting point is the insight that fundamental change, as implied by an alternative arrangement in the triangle finance-state-society, cannot be achieved by one of the involved actors alone, nor can real change be imposed on the (financial) sector. The willingness to change must be generated in a processual and dialogical way. *The necessary renewal of finance (financial practices) cannot be brought about by the financial sector or by any other actor alone, but requires interplay between state, society and the financial sector.* Change is (only) possible if the stakeholders concerned are willing and able to change together. If they so wish, investors, banks, companies, consumers, civil society organisations, academia and government can change each other and their relations and thus change the 'system', through - and as the outcome of - a process of collective action.

In pursuing this course of action we will build on and connect with the many like-minded initiatives that are already underway. The Finance and the Common Good programme can strengthen those efforts by connecting the ideas and networks developed with our unique network and approach.

4. Aim of the programme: relational finance
Finance must be made fruitful to the common good, balancing the need to address social and ecological problems with the need to generate sufficient financial returns in order to ensure that this effort for the common good is sustainable. This purpose implies and presupposes that financing decisions are taken by stakeholders that are embedded in sustainable relationships based on mutual trust and reciprocity, with a shared long-term perspective in which self-interest, the interests of the others and the general interest - i.e. the common good - are aligned.

This is radically different from current practice, in which financing is predominantly done through the financial markets, mainly involving short-term transactions with exchangeable partners and debt financing with full contracts. Banks, for example, have departed from their traditional ‘relationship banking’ towards what is called ‘transaction banking’. Possibilities opened up by modern communication and information technologies have been mainly used to speed up an increasingly less personal way of finance, foregoing the possibilities these techniques offer to make finance much more personal, or to take into account other impacts besides only the short-term financial benefits.

The point is therefore to ensure that the persons and institutions that provide capital and the persons and institutions that make capital productive are willing and able to change their current practice into an alternative one. One in which transactions are embedded in personal relationships between partners with a shared long-term perspective. The form of finance should reflect this, sharing the risk and opportunities (equity) of a joint venture focused on the common good.

In addition to the providers and users of capital, government is to be involved in this process. This is obvious, firstly, because as deliverer of public goods and services the government is an important financial player itself, as a provider and user of capital. Additionally, in its role as regulator, government defines the context of the financial market, by issuing, for instance, fiscal, corporate, labour, competition and environmental rules and regulations. Existing regulatory frameworks require adjustments in order to facilitate the intended transition. For example, an important point in this context is the abolition of the tax advantage of debt financing. Finally, in its role as supervisor and regulator of financial markets, government is important, as it is able to create space for and limits on new financing practices and FinTech developments.

But, most importantly, there is no finance without a society to serve. It is also society that to a large extent determines how the financial sector organises itself and what objectives it sets. If people, for example, are not only interested in sufficient financial means for after their retirement, but also in a liveable planet for their grandchildren and a thriving economy for their children to earn a living, then this may fundamentally change the investment policies and practices of e.g. pension funds. Finance need not be the exclusive domain of a sector set apart from society, but can also be part of society’s self-organisation. This is evidenced by the rich cooperative history in finance, and also seen in new ICT-driven forms of finance, like crowdfunding.

Again, what is needed is a coordinated interplay of state, society and the financial sector. Only from a common understanding of the problems and possible alternatives and in a coordinated fashion can real change be brought about.

We are convinced that this a process that in the end will know only winners, as good long term financial returns are only possible in a thriving economy that does not exhaust the resources it depends upon to keep on functioning, socially as well as ecologically. The shift from a short-term transactional focus to a more holistic relationship orientation will also serve the people working in the financial sector, in their personal development and well-being.

5. Feasibility: the Rhineland
Scale matters, but the question of scale is accompanied by thorny trade-offs. On the one hand, involving stakeholders in meaningful collective efforts is more feasible at the local or national level
and more difficult at the global level. On the other hand, to be viable and effective, new arrangements for finance cannot be limited to one country, but should cover a significant number of countries. Action is needed on a scale that exceeds the Netherlands.

We believe that it is expedient to start with a limited number of countries that share a number of relevant characteristics or assets, countries that are ‘close’ to the Netherlands, geographically and culturally. Reasoning along these lines, we believe that the optimal geographical scale to start this conversation is the ‘old’ Rhinelandic area, encompassing the Benelux countries, France and Germany. Rhineland, then, is a geographical or social-spatial concept that integrates people into a defined territory. It is also a cultural-spatial concept, a place where residents share a common history and identity. In socio-economic terms, there is the once established Rhineland model, which refers to a tradition of horizontal coordination between stakeholders, rather than an arrangement defined by either the state or the market. In the past forty years, this heritage of social coordination has suffered from severe erosion and malformation, but it has not yet been completely erased. New forms of self-organisation, using new technologies, are spreading, and in general the 2008 crisis has also been a wake up call and has led to a revaluation of horizontal cooperation. The Rhinelandic scale is also large enough to have a real impact on a European, and thereby global, scale – particularly because in both Southern (Mediterranean) Europe and the Scandinavian countries, related traditions of thought are present which eventually will be connected.

In this way, we come to the vision of a triangular arrangement between the financial sector, state and society at the level of the Rhineland countries. A triangular arrangement in which transactions are not impersonal and system driven, but are embedded in relationships of trust and shared responsibility. An arrangement that not only protects the stakeholders - bankers, investors, companies, politicians, all of us - from the vicissitudes of the global financial system, but also enables them to align transactions with the agreed social objectives.

The proposition of a triangular arrangement at the Rhineland level has been elaborated and tested in a series of earlier activities executed by Socires in the context of its programme Finance and the Common Good since 2015. And although a number of significant policymakers from Belgium and Germany, and to a lesser extent France, have participated in the conferences, the programme has been up to now a markedly Dutch affair. The positive side of this is that in the past three years a network has been established of prominent Dutch scientists and policymakers from the financial sector, society and government, which partly overlaps with, and partly complements, the Sustainable Finance Lab community. A common understanding of both the problems with the current system and the alternatives has been developed.

Thus, next to further developing this thinking and common understanding and translating it into new financial practices, the major objective for the present programme is to make it essentially Rhinelandic. In order to have the desired impact, this will necessitate much more than just having representatives from Germany, Belgium, Luxembourg and France participating in our activities. Along with the proposed activities for this programme, in each of those countries networks or communities should be established – and those networks should be interconnected in such a way that, gradually, the programme and the activities are owned and conducted by the Rhineland partners. Only in this way can a new Rhinelandic arrangement be established that is supported throughout the whole Rhineland and from there may spread towards the rest of Europe and globally.

Particularly in the first period of the programme, a concentrated effort is needed to stimulate and support our partners in Germany and France, to bring together financial professionals, scientists, businesses, non-governmental organisations and policymakers in national platforms that are willing to engage in this Rhinelandic endeavour and address fundamental questions such as:

- Can we generate in our societies a common understanding of the current problems in the relations between the domains of finance, state and society, domains that now mainly deeply distrust and blame each other for all problems?
Can we promote an alternative to the Anglo-Saxon formula that has dominated finance for the past forty years?
Can we thus provide our societies with a relative degree of autonomy with respect to the global financial system and expand the area where transactions are "socially productive"?
And how should we organise finance for that purpose?

6. Organisation: a three-year programme
We want to start a process of a shared vision, building our societies toward such ends, starting with experimental steps, collective learning and establishing trust, building on the many positive developments that are already taking place, both within the financial sector (see, for example, the work done around the Dutch Platform for Sustainable Finance, initiated by SFL and hosted by the Dutch Central Bank DNB) and outside of it (such as the Rethinking Economics initiative by students and the Sustainable Finance Lab of academics).

A new arrangement is not created by fiat, but is always a work in progress, building on and accumulating trust that is embodied in collaborative practices. The crux is in getting it going and accelerating and expanding current good developments.

To achieve the desired transition, from the current to the new practice, some interim goals are set. We want to create and nourish a(n):

- Increased understanding of: the disadvantages / risks of the current arrangement, the benefits of the new practice, and ways to implement these. In this new paradigm, account should be taken of the significant current and coming changes in finance, economy and society as a result of digitisation (re: FinTech). Concrete experience for this dialogue should be obtained through experimentation, by means of pilots in various settings;
- Broad awareness of these topics amongst politicians and financial professionals, as well as the public, directly 'feeding' the felt need for change - directly, through a growing community of change, consisting of the participants in the various activities, and indirectly via the media;
- A new generation of managers and board members, that is being trained in the Rhinelandic, relational financing paradigm of the common good;
- New networks in Germany and France that cooperate actively with the Dutch.

These (interim) goals are realised by organising four lines of activities, which differ in terms of design, rhythm and field of participants, but which constantly inform each other:

6.1. Organising for finance for the common good.
In the Netherlands, much is already happening to broaden the scope of finance, even though implementation, through new financial arrangements, still has a considerable way to go. We will actively pursue building and strengthening networks similar to those of FCG and SFL in Germany and France, and see how we can best connect Belgium to these. In recent years, we have had stimulating dialogue with interested parties in those countries. With them we will explore what is needed in the specific context of those countries and how we can contribute from the Netherlands. All with the clear goal to initiate robust and vibrant organisations, with the potential to act as our peers by actively engaging in the discussion, contributing to the development of our thought, as well organising national seminars, and, ultimately, hosting an international conference. What we offer, apart from our narrative and high level network, is experience with organisation and, ideally, a possible commitment from our own financiers to also fund similar activities in Germany and France.

6.2. The Young Professionals programme.
This programme has an explorative, educational and mobilising character. From year 2 onwards, three conferences are organised every year, following the example of the Young Professional conference hosted by Socires in November 2017. Stimulating speakers, exploratory and innovative, with plenty of room for dialogue, an audience of 80 to 100 young professionals from the financial sector, business, government, social organisations and academies. This is also the programme for: 1) signaling new social and technological developments, 2) formation of a new generation of (top) bankers, academics, policy makers and politicians, 3) creating a shared sense of the necessity for social dialogue. In year 1 we will organise one seminar in the Netherlands. More meetings will be organised with our circle of youth, our ambassadors for the duration of the three-year programme. Young professionals from abroad may join the Dutch seminar in the first year, as they can all attend the larger conference and, on invitation, be part of the working tables.

6.3. International public conferences.

This programme has an executive, mobilising and policy-oriented character. One conference per year is organised, following the example of the International conference which Socires hosted on 23 January 2018 but with a stronger international outlook and participation. Speakers are top executives and academics, and the audience will consist of high level directors and (young) professionals from the financial sector, business, government, social organisations and academia. Expert reflection on components and context of the new arrangement at the Rhineland level. We envisage that the conference in the first year will again be held in the Netherlands. In year 2 and 3 we aim for conferences in Brussels, Paris (or Lille or Strasbourg) and Berlin (or Aachen/Cologne/Frankfurt).

6.4. Working tables.

The working tables will be set up with financial professionals, businesses and the government (in different capacities), as well as professionals from civil society organisations and academia. Tables have around 12 participants, and are led by an external, highly qualified and motivated moderator (preferably from the circle of counsellors), and supported by Socires and SFL staff. These will reflect on questions such as: what are the pros and cons of the current situation and of a new arrangement? What stands in the way of that new arrangement? How can it work and what is needed for bringing it about? These tables are important content deliverers for the conferences and are preparing the ground for specific and concrete transitions. Whereas these tables in the first period will predominantly act as think-tanks, they should develop into/ initiate communities of practice. Possible themes for the workings tables are ‘FinTech & Blockchain’, ‘Securing public interest through structural change in finance’, ‘Moral Leadership’, ‘Equity finance: sharing in good and bad times’, ‘Impact in core financial decision making’, ‘Organising for Purpose: HRM for the common good’, and ‘Economics & Education’. Also possible are more focused working groups on, for instance, the fiscal treatment of debt versus equity, the measurement of financial ecological risk, etc.

Advisory council

The programme’s staff will be counselled and supported by an advisory council. The council will gather twice yearly, and consists of the following sixteen persons:

- Jellie Banga
- Arnoud Boot
- Erik Borgman
- Govert Buijs
- Kees van Dijkhuizen
- Jos van Gennip
- Simone Heidema
- Petri Hofsté
- Herman Mulder
- Anne-Marie Rakhorst
- Alexander Rinnooy Kan
- Annemieke Roobeek
- Onno Ruding
- Haroon Sheikh
- Marleen Stikker
- Paul Tang
- Herman Wijffels
- Jaap Winter
- Corien Wortmann-Kool

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