



TRUSTING

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CIFA'S MILESTONES FROM FOUNDATION TO PRESENT

CIFA, a non-profit Swiss foundation, was setup in Geneva, Switzerland, in December 2001, aiming to become the ideal contact point for financial advisors and wealth managers, as well as legislators and regulators.

With individual investors' needs in mind (among others, especially the protection of property in general, including art, whose beauty can contribute to happiness and social harmony), CIFA chose to focus on enhancing the basic status (the very foundations of their independent businesses) of IFAs around the globe, by promoting the highest professional standards, best-practice rules and ethical rules.

These specific goals have been pursued relentlessly by CIFA, which has the highly impressive ability to approach them from several interesting angles through the intelligent selection of renowned international speakers. Each year, the appropriateness of topics discussed, the excellence of presentations and

relative round-table discussions have been remarkable.

By 2007, CIFA had already become an NGO (non-governmental-organization) in "special consultative status" with UN's ECOSOC, the United Nations' Economic and Social Council. CIFA attends and speaks at several UN gatherings organized at the initiative of the General Assembly, ECOSOC, UNCTAD, UNITAR, FOSS, etc.

A year later, in 2008, "THE CHARTER OF INVESTORS' RIGHTS" (www.cifango.org), developed under the supervision of UN's ECOSOC, was introduced during the CIFA's VIth Forum held in Prague, The Czech Republic. Finally, the basic rights of investors were taken into account in finance!

In February 2015, The United Nations reclassified CIFA up to the highly valuable "general consultative status" with the UN-ECOSOC. As a result, CIFA joined the select UN club of 143 NGOs accredited to interact during UN thematic debates. ■

CIFA'S INTERNATIONAL FORUMS IN PAST YEARS

THROUGH THE YEARS,
CIFA FORUMS WERE HELD IN:
GENEVA (2003 THROUGH 2007),
PRAGUE (2008),
PARIS (2009),
MADRID (2010),
MONACO (2011 THROUGH 2018),
AND NEW YORK CITY SINCE 2019.

- 2003** WHAT CHALLENGES FOR INDEPENDENT FINANCIAL ADVISERS?
- 2004** REINVENTING TRUST
- 2005** LET'S PROVOKE A DIALOGUE WITH THE REGULATORS
- 2006** LEGISLATION AND REGULATION: REAL PROBLEMS, POOR SOLUTIONS!
- 2007** LET'S FACE THE FUTURE!
- 2008** INVESTOR'S FREEDOM OR CONSUMER'S PROTECTION?
- 2009** RECURRING FINANCING JOLTS & CRISES:
Advance warning signs of a New Economic World Order
- 2010** FINANCIAL BUBBLES AND REGULATORY BUBBLES
- 2011** ETHICS AND GOVERNANCE IN FINANCIAL MARKETS
FINANCIAL SERVICES:
Reform or Die?
- 2012** 2012, ELECTION YEAR:
WHAT CHALLENGES FOR THE INTERNATIONAL FINANCIAL SYSTEM?
Ethics, Politics and Finance
- 2013** CAN THE WORLD FINANCIAL SYSTEM BE REFORMED?
- 2014** THE NEW PARADIGM FOR WEALTH MANAGERS
Freedom, Regulation, Transparency, Taxes, Rule of Law, Expropriation, Privacy and much more!
- 2015** PUBLIC DEBTS & DEFICITS, UNRESTRAINED TAXATION: WHO WILL PAY?
- 2016** EXCESSIVE REGULATION: IS IT REALLY INTENDED TO GUARANTEE ENTREPRENEURIAL FREEDOM AND PROPERTY?

- 2017** OUTSIDERS IN POWER: WILL THEY TEAR DOWN THE EXISTING MODEL?
WHAT NEW MODEL DO THEY PROPOSE?
- 2018** REPEAL AND REPLACE AN ECONOMIC MODEL UNDER ATTACK?
How Technological changes are disrupting the socio-economic-fiscal-political models?
Which alternative model should be built?
- 2019** HOW TO MOBILIZE PRIVATE FINANCE TOWARDS FUNDING THE UN-SDGS
- 2021** UNITED NATIONS' FSDR: Financing for Sustainable Development Report— CIFA's President intervention on Panel 1
- 2021** CIFA's UN-ECOSOC Side-Event, co-hosted by the Permanent Mission of URUGUAY to the UN

THE CHARTER OF INVESTORS' RIGHTS

THIS CHARTER HAS AS ITS GOAL THE DEFINITION OF THE FUNDAMENTAL AND INALIENABLE RIGHTS OF THE INVESTOR.

THE CHARTER WAS DRAFTED BY THE CONVENTION OF INDEPENDENT FINANCIAL ADVISORS (CIFA), A NON-GOVERNMENTAL ORGANIZATION WITH CONSULTATIVE STATUS AT THE ECONOMIC AND SOCIAL COUNCIL (ECOSOC) OF THE UNITED NATIONS.

CIFA IS THE POSSESSOR AND CUSTODIAN OF THIS CHARTER.

THE CHARTER AIMS TO UNDERLINE THE PRINCIPLES, BOTH STRAIGHTFORWARD AND PERMANENT, OF THE INVESTOR SO AS TO BENEFIT FROM A LEGAL FRAMEWORK WHICH PRESERVES PRIVATE PROPERTY AND COMPRISES GOODS RESULTING FROM THE ACTIVITIES, BE THEY PERSONAL PROPERTY OR INTELLECTUAL, OF THE INVESTOR.

THE CHARTER ATTEMPTS TO RESPECT THE LEGISLATION, TRADITIONS AND CUSTOMS OF ALL THE COUNTRIES THAT RATIFY IT.

Article 1

Private property is protected according to the contents of this Charter of investors' rights. Private property is defined as the entirety of goods and rights that exist, as well as all revenue and obligations relating to it that are not recognised as the property of a member state of the United Nations. Private property resulting from ancestral, historic or tribal rights is equally covered by this Charter.

Article 2

Only private property constituted or acquired under universally accepted moral norms is protected by this Charter. All private property acquired or constituted under constraint or duress, or by way of intimidation or any other criminal manner, is excluded from protection by this Charter.

Article 3

The investor is a person, physical and moral, who is in possession of the right of disposal of his or her private property and is, simultaneously, the beneficiary of income and obligations which accrue to him.

Article 4

All acts of expropriation or confiscation of private property and revenues are forbidden. All investors have the right to protect themselves, by all legal means, against all acts of expropriation or confiscation by a state or private organization that is directly or indirectly subordinated to it.

Article 5

The investor has the right, freely and without constraint, to dispose of the totality of all of his or her assets which

constitute his private property as well as the income attributable and conforming to their needs and aspirations. Any restrictions on the rights of disposal of these goods are not acceptable without the agreement of the owner who gives free consent without constraint.

Article 6

The investor has the right to protection of his private sphere. The investor is the sole decision-maker regarding the choice of means of investment structure which guarantees the best protection for his private sphere.

Article 7

The investor has the right to use his best judgement to find the most appropriate way for his private property and revenue to yield a profit. He has the right freely to choose the structures and institutions that he judges will more than adequately accommodate the components of his private property as well as the revenue which results.

Article 8

The investor undertakes to arrange his assets in a manner that respects the habits, customs as well as the legal framework of the countries in which he invests.

Article 9

The investor has the right to expect from states and governments good structures, supervision and adequate surveillance of the market place. He or she is free, and at the same time personally responsible, for all investments which proceed forth.

Article 10

The investor undertakes to respect the fundamental rights of mankind as defined in the Charter of the United Nations. ■

TRUST IS THE MISSING INFRASTRUCTURE

The Convention of Independent Financial Advisors (CIFA), which has held “*general consultative status*” with the United Nations Economic and Social Council (ECOSOC) since 2015, has long advocated for the main needs of individual investors and the protection of property, including art, whose beauty can contribute to happiness and social harmony.

Social harmony, economic strength, financial stability, the rule of law, and the dignity derived from work are essential foundations of a healthy global society. TRUST is the missing infrastructure. How to build it? This edition of TRUSTING brings together ideas on how to strengthen those foundations, and we invite readers to consider them in their own work and decision-making.

The world has savings, technology, ambition, and worthwhile goals. What it lacks is sufficient trust and sound institutional frameworks to convert these assets into lasting prosperity. Across finance, public policy, and sustainable development, one lesson is consistent: durable progress depends on protecting the rights and interests of the many, not only the few. Investors need professionals they can trust and rules that support enterprise and long-term investment rather than unnecessary burdens that discourage both.



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EDITORIAL

TRUST IS THE MISSING INFRASTRUCTURE



JEAN-PIERRE DISERENS

SECRETARY-GENERAL OF CIFA

Over the past three decades, the global financial regulatory framework has expanded substantially, often with unintended consequences for growth and investment. It is time to reassess whether regulation is serving investors, markets, and the broader economy as intended.

Concerns also remain about the resilience of financial institutions whose creditworthiness depends heavily on sovereign debt held in their books, including debt issued by fiscally strained or poorly governed states. In an environment marked by geopolitical uncertainty (the gradual disintegration of post-World War II achievements, the rapidly approaching end of the Anglo-Saxon Empire, and a dysfunctional European Union), inflationary pressure, and concerns over taxation, many investors are seeking more resilient ways to preserve savings. This makes disciplined, long-term investment strategies especially important.

Financial advice must become a recognized high-quality profession, distinct from product sales. Independent advisors should be equipped to interpret complex economic and geopolitical developments and translate them into choices that reflect clients' real priorities: retirement, education, housing, protection, inheritance, and

CIFA HAS LONG
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THE PROTECTION
OF PROPERTY,
INCLUDING ART,
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TO HAPPINESS AND
SOCIAL HARMONY.



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entrepreneurship. This role does not replace individual responsibility; every investor must remain accountable for their own decisions.

The 2008 financial crisis demonstrated the public consequences of failures in the financial system, when taxpayers were required to support major institutions-- it may not happen again. High-quality, independent financial advice should therefore be viewed as a “public good” that can contribute to future economic stability. Technology has expanded access to financial information, but access alone does not ensure reliability. The growing volume of misinformation, including potentially misleading AI-generated material, makes prudent judgment and fact-checking more important than ever. Digital tools can improve efficiency, but they cannot independently provide context, accountability, or the enduring relationships on which trust depends.

The same principle applies to the Sustainable Development Goals (SDGs). Achieving them requires real wealth creation, stable institutions, investor confidence, and policies grounded in scientific evidence. Private property rights, transparent markets, long-term strategies, and proportionate regulation are not obstacles to sustainability; they enable investment in it.

This is also a moment for a badly needed regulatory humility. Regulation has expanded dramatically under the banners



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of consumer protection, anti-corruption, anti-money laundering, and financial-crime prevention. Yet a serious review should ask whether these measures have delivered their intended results or, in some cases, created costs and distortions without meaningfully reducing wrongdoing. Then, it may be legitimate to think that the sole purpose of financial regulation has always been to control investors/citizens to tax/confiscate their savings when the 'elites' decide to do so, or to save the banks from bankruptcy with bail-in regulations. Regulation should return to its core purpose: ensuring that markets function fairly, transparently, and efficiently in the interests of investors and society.

Trust in institutions has severely weakened. Rebuilding it will require time, consistency, and meaningful policy reform. National and international institutions must return to sound principles and serve the general interest of the people—the people are sovereign! Only then can the global economy regain resilience, foster sustainable growth, and operate in a truly TRUSTING environment. ■

**TRUST IN
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2021 UN ECOSOC FINANCING FOR DEVELOPMENT FORUM

INTRODUCTION OF THE FSDR: FINANCING FOR SUSTAINABLE DEVELOPMENT REPORT

INTERVENTION BY TONY MAHABIR, CIFA's PRESIDENT

UNITED NATIONS, NEW YORK CITY, APRIL 13, 2021

UN Economic and Social Council
(ECOSOC) — Introduction of the FSDR:
Financing for Sustainable Development
Report

Panel 1: Accelerating infrastructure
investments for a sustainable & resilient
recovery and restoring trade

CIFA: 2 — Minutes of Intervention by
Tony Mahabir, President

Good morning excellencies, my fellow NGOs
and distinguished guests.

The private sector can play a significant role
in Infrastructure Investments!

We all know that the lack of financial
inclusion contributes to and perpetuates
the wealth gap among nations. But can we
all imagine for a moment: how sustainable
infrastructure can transform lives and
narrow that wealth gap?



For the private sector it would be a
huge win because it would create new
opportunities for digital and financial
services providers. Thus, a short-term
investment can accelerate a sustainable
and growing marketplace.

A huge win for the private sector,
public sector and private citizens
for their investment.

CIFA on behalf of Independent Financial Advisors everywhere act as gatekeepers of our financial clients' wealth worldwide. Often, our stakeholders are excited to play a role with their wallets when they envision a world where "individuals and businesses have access to useful and affordable financial products and services that meet their needs—transactions, payments, savings, credit, and insurance—delivered in a responsible and sustainable way."

However, the roadblocks are numerous and a lack of confidence in the public sector to protect investors rights globally presents a key obstacle for ready, willing and able investors.

This morning the Honorable Excellency Ken Ofori-Atta, Finance Minister of Ghana said that "The private, public, and social sector must work in partnership."

CIFA fully agree with his excellency. However, I am fearful that financial inclusion will not be achieved unless the private, public and social sectors commit to coordinated efforts. This requires not only financial resources but also a change of heart resources. Actually, dare I say: if you have the heart resources, you'll find the financial resources!

So, what can the public sector do to incentivize leaders at banks and other private sector institutions to root out geographic, political, and economic barriers at their institutions that make it difficult to provide full access to financial products and services?

The public sector, in its role as policymaker, regulator, watchdog, and developer of financial infrastructure, could identify and support initiatives to bring into reality sustainable infrastructure to transform lives everywhere! ■

**I AM FEARFUL
THAT FINANCIAL
INCLUSION WILL
NOT BE ACHIEVED
UNLESS THE
PRIVATE, PUBLIC
AND SOCIAL
SECTORS COMMIT
TO COORDINATED
EFFORTS.**

AFTER COVID-19, NEW THINKING ON CREATING REAL VALUE AND FINANCING THE SDGS?

CIFA'S SIDE EVENT ON THE MARGINS OF THE 2021
UNITED NATIONS' ECOSOC FSDR: FINANCING FOR
SUSTAINABLE DEVELOPMENT REPORT

TUESDAY, APRIL 13, 2021—VIDEOCONFERENCE 'ZOOM'
CONDUCTED BY CIFA

THIS EVENT IS CO-HOSTED BY
THE PERMANENT MISSION OF URUGUAY
TO THE UNITED NATIONS

PROGRAM

- Welcome address by **Alejandro KATZ**, Representative of the Permanent Mission of Uruguay to the United Nations
- Introductory Remarks by **Tony MAHABIR**, President of CIFA



Permanent Mission of Uruguay
to the United Nations

PANEL DISCUSSION

Panelists:

- **William K. BLACK**, Associate Professor of Economics and Law, University of Missouri-Kansas City, USA
- **Steve H. HANKE**, Professor of Applied Economics, Johns Hopkins University
- **Stephanie KELTON**, Professor of Economics and Public Policy, Stony Brook University, USA
- **Joe OLIVER**, former Minister of Finance and Minister of Natural Resources, Canada
- **Stephen B. YOUNG**, Global Executive Director, The Caux Round Table for Moral Capitalism, St. Paul, Minnesota, USA

Moderator:

Daniel J. MITCHELL, Chairman, Center for Freedom and Prosperity

Welcome address by **Alejandro KATZ**,
Representative of the Permanent Mission of
Uruguay to the United Nations



I'm honored to open today's event, both
because of the importance of its matters
but because of the institution behind it.

It's a great pleasure to co host this event with
the Convention of Independent Financial
Advisors (CIFA).

Our cooperation with CIFA has proven
extremely fruitful and I am delighted
to be joining this activity in representation
of Uruguay.

The way we envisage the post covid-19
world is already a critical question. But
when we add the importance of facing
the SDGs in this context, we realize that
there is a lot of work to do.

The economic impact of the Covid19
pandemic will strike fearlessly on the
implementation of the 17 Sustainable
Development Goals. However, it is the
"SDG number 1, End poverty" in all its
forms everywhere where we will see
a considerable threat to its plausible
implementation.

Uruguay is transitioning from being a
middle-income country, to a higher per
capita one. However, the effects of the
pandemic have shown us how structural
gaps and liabilities can not always be
shown by the sole per capita income
measure.

It is in this environment where we find
fundamental to count on the role of the
private sector, but also the civil society
and the academia participating in
providing ideas to reduce poverty in such a
challenging environment.

You can count on Uruguay as a partner in
this endeavor. You will see us working side
by side with you in providing long lasting
solutions in order to achieve the goals
withing the SDG 1 as a top priority.

As I have mentioned, it is with a great
pleasure to my country to co-host this
event.

Thank you very much for your attention. ■

**THE ECONOMIC
IMPACT OF THE
COVID19 PANDEMIC
WILL STRIKE
FEARLESSLY ON THE
IMPLEMENTATION
OF THE 17
SUSTAINABLE
DEVELOPMENT
GOALS.**

ALEJANDRO KATZ

HUMAN CAPITAL AND PERSONAL EMPOWERMENT CANNOT BE REALIZED TO ITS FULL POTENTIAL UNLESS WE ERADICATE POVERTY, AND PROMOTE FINANCIAL LITERACY AND ACCESSIBILITY. TONY MAHABIR

UN Economic and Social Council (ECOSOC) — CIFA 2021 Side Event: Panel Discussion

Moderator: Daniel J. Mitchell, Chairman,
Center for Freedom and Prosperity

Introductory Remarks by Tony Mahabir, President of CIFA

Good afternoon Excellencies,
fellow heads of NGOs,
and distinguished guests!

On behalf of CIFA, I also want to express
our deep and profound gratitude and
appreciation to our Co-host 'The mission
of Uruguay to the United Nations and in
particular His Excellency Senior Alejandro
Katz!

The achievement of the UN 2030
Sustainable Development Goals could get
significantly side tracked or delayed if we
face another financial crisis!

However, we are living in "fantasy land" if
we think that another financial crisis and its
destructive behavior are behind us.

We are currently still calculating the
"financial destruction" as a result of
Covid-19. So far, 225 Million Jobs lost
worldwide ... and the International
Monetary Fund projects that, even with
the \$18 trillion USD that has already
been spent to stimulate economies
around the world, the global economy
will lose \$12 trillion USD, or more, by
the end of 2021.

From CIFA's point of view, the question
is not whether another "financial crisis" is
looming on the horizon, but instead how
do we create a "resilient, sustainable, and
inclusive" financial infrastructure to mitigate
wealth destruction?

Similar to the broader acceptance on the
street with these evolving times ... that the
world will be entering a "New Normal" post
Covid-19, one can't help but wonder:

- Is Monetary Policy going to transition to
a "New Normal" as well?
- Are the traditional fiscal incentives going
to be replaced by something newer?
- Is Multi-literalism dead and a thing of
the past?

The old adage by the French writer Jean-
Baptiste Karr stated in 1849: "plus ça
change, plus c'est la même chose" ... in
English: "the more things change, the more
they continue to be the same."

Allow me to share a few but significant
things that are as relevant and permanent in
the post-Covid era as they were pre-Covid:

1. Society and the private sector have to
create real wealth, as they have in the
past.
2. Sustainability is wealth creation!

3. Subsidized economies were not sustainable in the past and probably won't be in the future... Let us not promote "addiction through subsidization".

We all know that human capital and personal empowerment cannot be realized to its full potential unless we eradicate poverty, and promote financial literacy and accessibility.

Finally, could externalities like the creation of "new currencies" ... "digital gold" if you will, aka crypto which can be issued without a central bank, be the next weapons of wealth destruction or could it be strategically deployed as a tool for greater liquidity around the world?

We hope our debate today is not only insightful, but through divergent views we can come to agree on a common set of values and shared understanding to address these highly complex and international challenges before us!

If this modest goal is achieved today, then CIFA would have met its mandate to contribute constructively to this wonderful 2021 Financing for Development forum by the UN!

So let the great debate begin...

I turn you over to our influential **Moderator Daniel J. Mitchell!**

* * *

Introductory statement by **Steve H. HANKE**, Professor of Applied Economics, Johns Hopkins University

Ladies and gentlemen, it's great to be with you. Even though we are not in person; it would obviously be better in person than over Zoom, but we will do the best we can. Let me make my introductory remarks along the following lines. I think the main message I want to deliver is a little bit

of a takeoff on something President Bill Clinton used to harp about, and that was his mantra: "it's the economy, stupid." Well, my mantra today will be: "it's the money supply, stupid," that really is putting everything into context. It's, more or less, a model of everything: money and monetarism.

The money supply increased dramatically in the United States as well as elsewhere, with the exception perhaps of China, the only one that hasn't pushed the accelerator to the floorboard, while virtually everybody else has. In the United States, for example, the M2 money supply as broadly measured by the Fed, last year (2020) went up by 26 percent. Now, given what the Fed has already announced that they will be doing over the next 12 months, that is 2021, even if banks are passive and don't do anything, we will have a 12% annual growth rate in M2, the money supply.

Now, to put this in context, the 26 percent of last year's growth was the highest growth rate we have had since 1943 in M2. So, it's very extraordinary. Moreover, the 12 percent

**PRESIDENT BILL
CLINTON USED TO
HARP ABOUT HIS
MANTRA: "IT'S THE
ECONOMY, STUPID."**

**MY MANTRA TODAY
WILL BE: "IT'S THE
MONEY SUPPLY,
STUPID."
STEVE H. HANKE**

FOUR PHASES TO A CRISIS: (1) MONEY GROWTH, (2) ASSET PRICE GROWTH, (3) ECONOMIC ACTIVITY PICKS UP, AND THEN ULTIMATELY (4) INFLATION STARTS REARING ITS UGLY HEAD.

STEVE H. HANKE

growth, which is obviously very big, is rather conservative because it essentially assumes that the Fed will only do what it says it will do and nothing more, and that banks will actually do nothing; they won't create any increment in the broad money measure M2 over the next year. To put that into context, 6 percent is the average growth rate in M2 in the United States over the last twenty years. So, even that 12 percent number, that minimalist number, is double what we've experienced in the last generation in the United States.

Therefore, we start by increasing the money supply--it's a fact--we are underway, well underway; we really have two years of very high growth rate under our belt now. That implies the next thing (phase 2) to happen is: when you increase and goose the money supply, asset prices go up. The phase between money supply growth and asset price growth takes about one to nine months. We have seen massive increases in asset prices in the United States. Just look at the stock market and look at other assets: commodity prices are zooming up too. That is phase two: asset prices go up. Then, the next thing that happens (phase 3) is that

economic activity starts zooming after you've used the money supply, and that is about a six to eighteen-month period going into that stage too, when the economy gets revved up. That has already started in the United States. Some people are anticipating that real GDP growth might actually go up toward 10 percent, which would be almost a record level on an annual basis. And then the last phase (Nº 4) is: goods and services' prices go up, and inflation starts rearing its ugly head in the picture. So, money growth, asset price growth, economic activity picks up, and then ultimately inflation. The inflation lag is variable, but it's usually about 12 to 24 months after the money supply injection goes up.

Now, to give you a handle on just how far out of line it is:

- if you look at The Quantity Theory of Money and do kind of a bench calculation of what the Golden Growth Rate (the money supply) would be to hit the inflation target at two percent in the United States.
- And if you look at the last ten years, the golden growth rate was 6.2% for M4, the broadest possible measure of money. Moreover, the average growth in the money supply was 6.5%. And we came pretty close. We came in, on average, over those ten years of 1.7%.
- Now, think of M4: it's growing at 27.3% now.
- Remember, the golden growth rate was 6.2%, the optimum. The average we've had over the last ten years is 6.5%.

So we are way up over any metrics that we've ever experienced before. Now, my conclusion is that.

Tony said, "Well, are we going to have a financial crisis or what kind of crisis is down the road?" And my point is that inflation is right around the corner. That is the end of this sequence: money supply increases, then

asset prices go up, then the economy starts going up, and ultimately inflation goes up. And with the kind of numbers we're seeing, I wouldn't be surprised if in another year, we are up with inflation rates in the United States maybe approaching five percent. Now, that's a pretty high level.

That then ends my kind of introductory remarks. "It's money, stupid, and the money supply that matters."

* * *

Introductory statement by Hon. Joe Oliver, P.C., former Minister of Finance and Minister of Natural Resources, Canada

I want to thank our co-hosts from the Permanent Mission of Uruguay for the opportunity to discuss the important subject of creating value and financing sustainable development goals.

Let me say at the outset that we must not let our support for these laudable goals cloud our judgment about how best to achieve them. We have to distinguish between what works and what sounds good, however much in vogue.

Contrary to a persistent drumbeat that the world has not become a better place, data shows extreme poverty has dropped by almost 90% in the last 100 years. The World Bank observed that since the 1990s, nearly 1.1 billion people have escaped extreme poverty, which is 250,000 people every day, 200 people every minute. Furthermore, people live a lot longer, are much better educated, earn more, work fewer hours, and die 99% less from extreme weather. Add in the increased food supply, medical and scientific progress, and access to abundant resources. The world is far from perfect, but it is incomparably better than it was in the past century or two.

Capitalism and free markets, while imperfect systems, remain our most effective weapons in fighting economic disadvantage. As we have seen across time and geography, the freer an economy, the less likely its people are to become entrapped in extreme poverty. So we need to be very cautious about changing what has been responsible for a historically unprecedented accomplishment.

Nevertheless, under the dark shadow of the pandemic, that is what conventional wisdom would have us do, in spite of the internal contradictions in their world view. The global economy has just suffered an immense body blow, estimated at 4.5% of global GDP, or nearly \$4 trillion U.S. in lost economic activity and \$24 trillion in government deficits in the past two years. But progressives argue that now is the time to introduce social programs that most people would have considered unaffordable before the economic collapse caused by COVID-19.

**CAPITALISM AND
FREE MARKETS,
WHILE IMPERFECT
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FIGHTING ECONOMIC
DISADVANTAGE.
JOE OLIVER**

A BIG CHALLENGE THAT MUST BE ADDRESSED NATIONALLY AND INTERNATIONALLY IS THAT THE WORLD HAS BECOME GROSSLY OVER-LEVERED, RISKING A MAJOR FINANCIAL CRISIS.

JOE OLIVER

The other contradiction or paradox is that some people who urge wealthy countries to contribute more to the world's poorest, want the biggest generators of wealth to adopt policies which will make them less able to do so. Beyond the cost of stimulus spending or 'investment', as spendthrift politicians like to label their profligacy, those policies represent another even greater risk.

The pandemic has energized an international effort to transform capitalism through a 'great reset' of economic thinking to bigger government, higher taxes, more deficit spending, increased regulation, Modern Monetary Theory, pace Professor Kelton, and the Green New Deal. Some are policies that have failed in the past, often spectacularly so, others create new concerns. To the credulous, moralizing about reforming capitalism to achieve economic sustainability and social justice may sound benign, even desirable. However, it signals a plan of governments and multilateral organizations to impose socialist ideas, undermine personal choice and hobble free markets.

Like a drunk on a bender for whom a few extra bottles are barely noticed, trillions were lavished on a grateful electorate. The need was perceived as so urgent and immense that critical judgment was and remains suspended. In Canada, the biggest spender in the G20 in relation to its economy, personal income actually increased during the pandemic because many recipients of public largesse had not suffered financially from business closures. Since handouts were not needed for food and heat, the result was a significant boost to inert savings, which is waiting impatiently to be drawn down in a flurry of pent-up upper-middle-class consumer spending.

Our government, like many others, exploited a tragic pandemic—our Prime Minister and Minister of Finance call it an 'opportunity'—to borrow and dole out funds without a hint of fiscal restraint. Obviously, very large stimulus spending was needed to help people who were put out of work and businesses that were shuttered by government-mandated closures. Austerity is not called for, but programs should be focused where needed and have limits. There should be a fiscal anchor or target, such as a maximum percentage of GDP or a timeframe to get to fiscal balance.

Meanwhile, money supply has ballooned, debt is unprecedented, and inflation is looming, inevitably driving record low interest rates up. That poses a liquidity risk for governments, several of whom will experience credit downgrades, higher borrowing costs and diminished access to capital, even risk of default. Also at risk are maxed-out individuals. For example, 55% of Canadians are within \$200 of not being able to afford an increase in mortgage payments.

So, what to do? If spending is not curtailed, the unpalatable alternatives will be to hike taxes or incur more debt. Janet Yellen, U.S. Secretary of the Treasury, would increase the minimum tax rate and harmonize rates among G20 countries to prevent a race to the bottom. Unfortunately, the consequence will constrain private sector capital

investment, damage economic growth, hurt less developed countries, and lead to other harmonized tax schemes. For example, we are heading to higher carbon taxes and tax hikes on streaming services, which will be passed on to consumers. Also on the table in various countries are wealth taxes, succession duties, capital gains inclusion rate reductions, sales tax, and other revenue grabs and soak-the-rich schemes from governments desperate to squeeze money from productive members of society and to reduce income inequality.

A big challenge that must be addressed nationally and internationally is that the world has become grossly over-levered, risking a major financial crisis. Among many undesirable consequences, that would jeopardize foreign aid, which is important not just as a matter of morality but also for the practical reason that we are all linked.

We need a disciplined focus on economic growth, productivity improvement, free trade and investment in infrastructure, science, technological innovation and training. That way the wealthy can better afford to help the disadvantaged and developing countries can grow themselves out of poverty to prosperity. The alternative would lead to a dystopian future where the most vulnerable will suffer the most.

Introductory statement by **Stephen B. YOUNG**, Global Executive Director, The Caux Round Table for Moral Capitalism, St. Paul, Minnesota, USA

Thank you, Dan. First of all, thanks to CIFA for having me on such a distinguished panel. Thank you also to Alejandro KATZ, Representative of the Permanent Mission of Uruguay to the United Nations, and to your government for co-sponsoring this event.

I am a lawyer. I don't have the background in economics that you do, or Steve Hanke does, and Joe Oliver has in policy. But I have some questions.

I want to ask, from my perspective, looking at the consequences of liquidity creation, and I want to build on what Steve said in particular. I have two questions. One is: what is the connection between money and wealth? And my second question related to this is: who benefits (*qui bono*) from liquidity infusions into an economy?

I will have some introductory remarks and then go through some slides, which struck me as raising these questions.

I think the first point, which we all agree with, is that to achieve the SDGs we need wealth. But we need real wealth, not nominal wealth, not sort of just paper wealth. And two kinds of wealth can help the SDGs to become real: there is public wealth from government, and there is private wealth from individuals and companies. The question I think we need to focus on is: a distinction between real wealth and nominal wealth, which is one that economists look at a lot.

**WHAT IS THE
CONNECTION
BETWEEN MONEY
AND WEALTH?
WHO BENEFITS
(QUI BONO)
FROM LIQUIDITY
INFUSIONS INTO
AN ECONOMY?
STEPHEN B. YOUNG**

WHAT IS REAL?
IT IS REAL THAT
EVEN GOVERNMENT
WEALTH ULTIMATELY
COMES FROM PRIVATE
WEALTH.
WEALTH ULTIMATELY
IS CREATED BY
PRIVATE ENTERPRISES.
STEPHEN B. YOUNG

My sort of concern as a lawyer, whether you're drafting contracts or dealing with trials, is: what is real? I think that it is real that even government wealth ultimately comes from private wealth. I mean, that seems to be something we can accept after the experience of the last 200 years.

Wealth ultimately is created by private enterprises. Even government companies, when they are sort of government-owned, have to work in markets and things like that. And what we've learned from the experiences of communism and socialism is that the wealth creation process is deeply rooted in the human person and in private society. The insight of Rousseau, I think, points to that when he said, "sort of at the beginning of our issues of social equality is when somebody took a piece" and said, "This is mine." But because it belonged to me, I was willing to invest and to develop something from it. Now I want to build on Rousseau's insight in a positive way by arguing that the essence of human culture and civilization from the beginning has depended on wealth creation.

And in an odd sort of personal experience, back in 1966, I was an anthropology student

in Thailand. In a small village in northeast Thailand, I was walking on a lane. I tripped over a tree root, fell on my face in the dirt, and discovered an ancient Bronze Age civilization of the Ban Chiang civilization. Back then, they had private wealth in terms of grave goods, and most every premodern culture we know had grave goods. People made things; they somehow acquired things.

Physical things were so valuable to them. They put them in the graves to somehow share in the afterlife. I just happened to have it at home and I wanted to share. This is a pot from Ban Chiang, about 3000 years old, which somebody spent a lot of time making. And why did they do that? In this village in northeast Thailand, about 3000 years ago. And then they also found a bronze bracelet at Ban Chiang. Presumably for a woman, but not necessarily. In fact, this is also probably about 2500-3000 years old. To make bronze back then would have required a lot of investment to get the copper; you had to get the tin, you had skilled training, you had to know how to smelt and put things together. Why did people do that? Why do we have private wealth? Where does it come from?

Now, I'd like to move, if I may, to ask one of my questions. What's the connection between money and wealth, real wealth and money? And what is money? What's its function? How does it work? I would remind our audience of Karl Marx, in his book *Das Kapital*, published less than a hundred years after the Industrial Revolution, asks this question about money and capital. What is its function? And he comes up with a series of definitions: labor value, use value, exchange value, economic value, and price. It's enough to make your head spin. But what I want to suggest is that Marx was on to something that we need to pay close attention to: the connection of money and real wealth.

So my question is, and I'd appreciate comments from Steve and Joe: what are the consequences of liquidity injections, particularly for inequalities of wealth?

My first point is: for every action, there is some kind of reaction. Everything we do as human beings has a consequence. Joe was just talking about what the consequence is of the creation of a lot of money. There is also a comment that there is no free lunch; whatever we do, we have to pay for it one way or another. And the next: who benefits from what we do?

Moreover, I just have some random charts. I apologize for my unsophistication in this. This is just down to the September 2009 crisis. This is estimated global currency in circulation, i.e., what the world created in currency from 1971 to 2009. If we take it out to where we are today, obviously it's much more, so global liquidity is down to 2021.

Now, as a percentage of world GDP, it's about 200%. And look where it's risen from 2009. It has basically risen from 150% up to 200%. Global liquidity, on the other side, in terms of where it is, continues to grow.

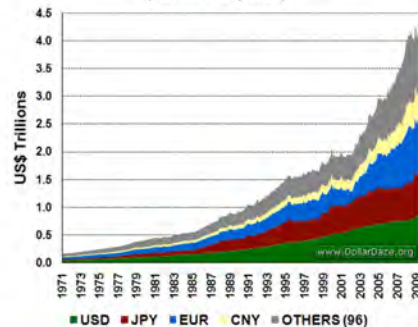
In the US Fed, most of my charts, Joe and Steve were relating to the US. The total assets of the Fed and we can see what has happened. In the last, actually, under the Trump administration after 2016, it's even higher.

This shows us that, down to 2020 total assets on the Fed's balance sheet went up to \$5.25 trillion. This also does not include, as I understand it, the amount of excess reserves, which private banks are keeping with the Fed and not allowing to float through the economy.

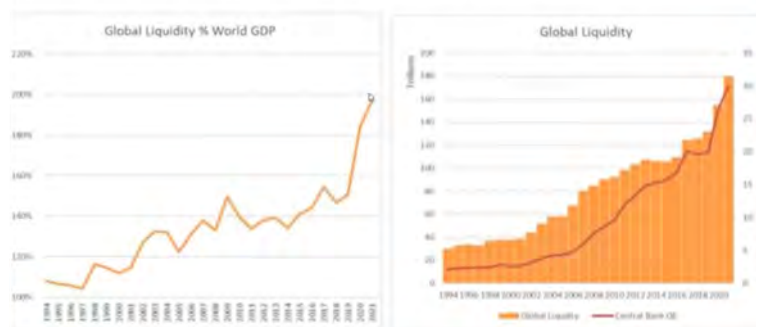
LIQUIDITY INJECTIONS AND THEIR CONSEQUENCES

NEWTON'S THIRD LAW OF MOTION: FOR EVERY ACTION, THERE IS
OR: THE NO FREE LUNCH RULE OF LIFE
OR: QUI BONO?

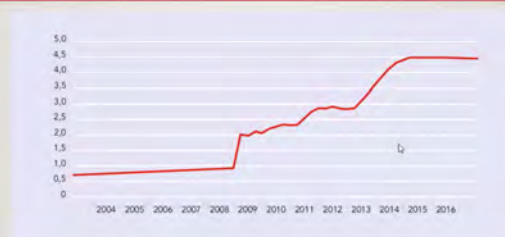
Estimated Global Currency in Circulation
(Jan 1971 - Sep 2009)



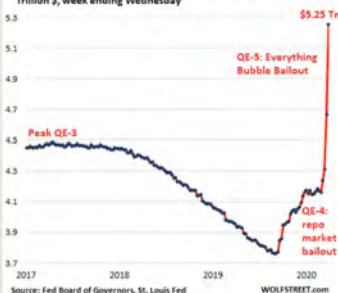
Global Liquidity



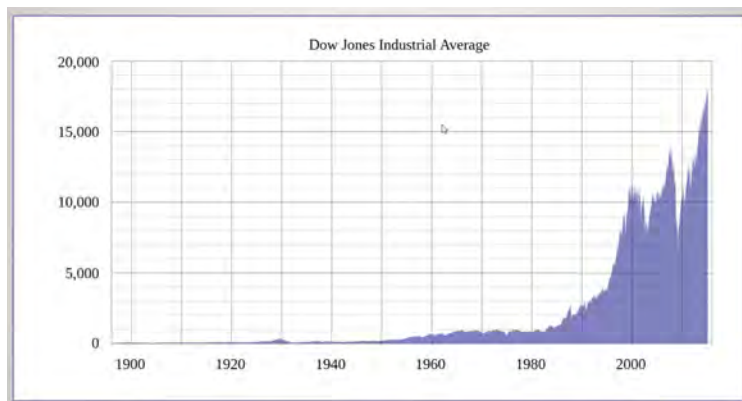
TOTAL ASSETS OF US FED IN TRILLION \$



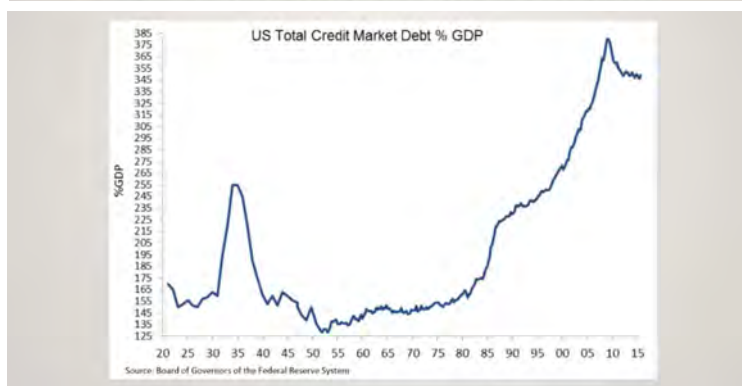
Total Assets on the Fed's Balance Sheet
Trillion \$, week ending Wednesday



At the same time, what has happened? The Dow Jones Industrial Average has dramatically increased, the S&P has dramatically increased too. Here is where I want to ask, who benefits in our society from rising asset prices? I suspect that the middle class does not benefit and the lower class doesn't benefit.



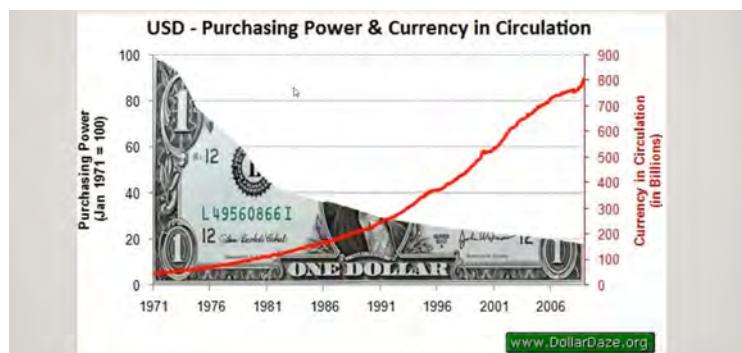
So, this is what some people benefit is access to credit going up to 2015.



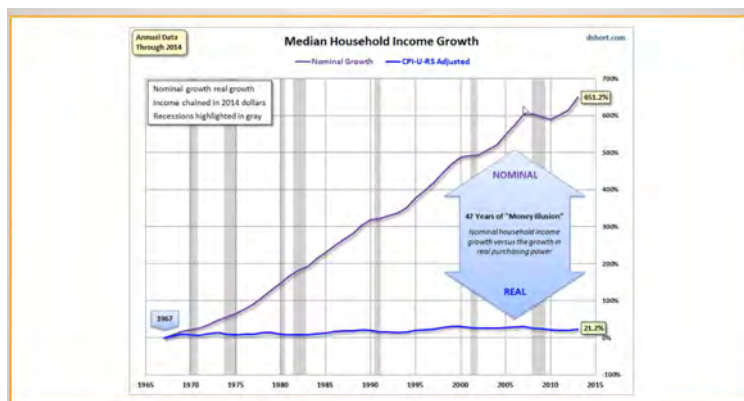
Oh, if you have a lot of money, what's the real purchasing power of the dollar?



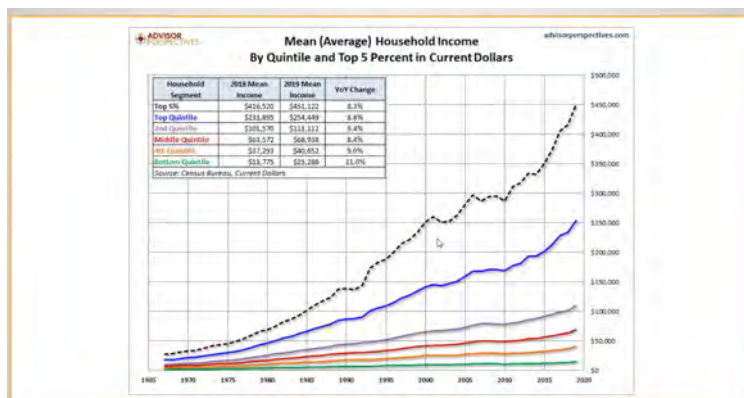
This is just down to about 2008. Currency in circulation goes up, but purchasing power of the dollar goes down; middle class, lower class people don't have a lot of access to dollars.



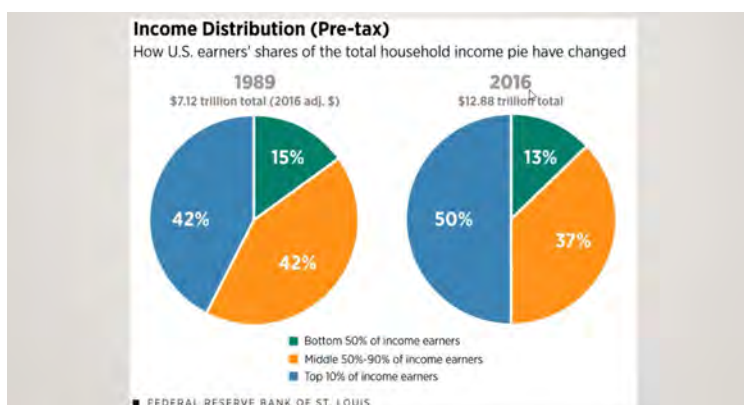
So what is their real situation? Nominal median household income growth in the United States versus adjusted. So from 1965, according to this chart, to 2015, not much real increase for the average person, whereas we all know the "top 10%, top 1%." So who is benefiting?



Another statistic on growth by quintiles. The top 5%, that chart is right here. That's some pretty significant growth. But if you're at the bottom in America, you haven't experienced much growth. And maybe there's a political consequence of this here as to who people vote for.



And then my final slide, income distribution. Eighty nine to twenty sixteen, The top ten percent of income earners now have fifty percent of about thirteen trillion dollars, whereas the bottom fifty percent of Americans have gone down to thirteen percent. So my sort of question again is, when we talk about using lots of liquidity, and if M4 is now increasing at 27.3% a year, what does this say about the quality of distribution?



Thank you very much. And I would welcome any opportunity to talk about this with our panel or members of the audience.

* * *

Panel discussion: main topics covered...

Moderator: **Daniel J. Mitchell**, Chairman, Center for Freedom and Prosperity

The moderator opened the CIFA-hosted event by welcoming an eclectic group of speakers and attendees.

He outlined the session's format, which would begin with presentations from each

panelist, followed by a moderated conversation driven by audience questions submitted through the chat feature.

The planned speakers included Professor Steve Hanke, Professor Stephanie Kelton, former Canadian Minister of Finance Joe Oliver, Professor Bill Black, and Steve Young.

The moderator noted that technical difficulties were preventing Professors Kelton and Black from joining at the outset but hoped they could connect later.

Each speaker was allocated approximately 10 minutes for their initial remarks, with the overall goal of fostering a full and innovative conversation.

HOW CAN DEVELOPING NATIONS ACHIEVE SUSTAINABLE PROSPERITY? REAL, SYSTEMIC WEALTH CREATION IS THE ONLY SUSTAINABLE PATH TO FUNDING DEVELOPMENT GOALS (SDGS). PANELISTS

After the introductory statements by the 'present' panelists (CIFA highly regret the absence, probably due to technicalities, of Professor Stephanie Kelton and Prof. Bill Black), the discussion then shifted to **how developing nations can achieve sustainable prosperity**.

Steve H. Hanke strongly advocated for what he termed the “Singapore model,” built on the foundational principles established by Lee Kuan Yew. This model includes several key pillars:

1. **Sound and Stable Money**—It was argued, by Professor Steve H. Hanke, that developing countries should eliminate their own central banks, which often create instability, and instead adopt a currency board (pegging a local currency to a stable foreign one like the U.S. dollar, as Hong Kong did) or official dollarization (using a foreign currency directly, like Panama). This provides stability, credibility, and lower borrowing costs.
2. **Combating Corruption**—Steve Young recounted how Lee Kuan Yew rooted out

corruption by tripling the salaries of civil servants while imposing severe penalties for graft, creating an efficient, first-class bureaucracy.

3. **Rule of Law**—A stable, predictable, and fair legal system is essential to protect private property and attract the foreign investment that brings capital, technology, and jobs.
4. **Free Markets**—A policy of light taxes, minimal regulation, and openness to trade is crucial for creating real wealth.
5. **Focus on Human Capital**—Prioritizing education and fostering a culture of discipline, excellence, and hard work is fundamental.

The panel critiqued concepts like “social justice” as vague and immeasurable, often used to justify counterproductive policies. The success of free-market reforms in Deng Xiaoping’s China was cited as the single greatest poverty reduction event in world history, reinforcing the idea that real, systemic wealth creation is the only sustainable path to funding development goals (SDGs).

Dan Mitchell asked Professor Steve H. Hanke to elaborate on one thing especially for the non-economists watching: you often times read in the financial press that **central banks** should be doing this. They **should be expanding the money supply to help boost and stimulate the economy**. Can you, Dan asked, for the non-economists in the audience, explain why you think this approach that you just described, might not be the best idea?

Professor Hanke answered: *Well, it was the best idea initially, a year ago, when the pandemic hit and everything was shut down, to save the financial system, to keep that lubricated so that we didn't have a financial crisis and a banking crisis, the thing to do was to step on the accelerator, which they did. John Greenwood is chief economist of MFS Co. and I wrote an article in Wall Street*

Journal literally the week before. Or they pushed on the accelerator, while we were arguing in that Wall Street Journal article that they shouldn't be pressing on the accelerator. They did push on it; it saved the financial system from a complete collapse.

Now, the problem is they have kept the foot on the accelerator—that is the problem. So, that is putting us in a situation where we will face an inflationary danger and inflationary consequences going forward. That's the point.

So, it's a little bit complicated. And it looks like I am maybe speaking out of two sides of my mouth. Though, you have to save the financial system from collapse—that's all we needed as the world economy shut down and all these supply chains broke down when the virus hit initially early last year.

The financial system and the banking system—that's all we would have needed is to have that collapse on top of it. And they did stay, I think, that they did a very good job of saving the financial system and banking system from a complete meltdown early on in the early months. But they should have backed off much earlier, and obviously they should back off right now.

Then, Dan Mitchell summarized Hanke's answer by saying: All right, so in other words, what you are saying is that there was a need for central banks to make sure there was liquidity to keep the system going. But then that was a short term issue, and they have turned that into a long run policy.

Concerning the important theme of poverty reduction and poverty elimination it was suggested to keep an eye on the big picture. For instance, to the question: is it Adam Smith or Deng Xiaoping that are the greatest free marketers in the history of man and have had more to do with the elimination of poverty? ... Steve H. Hanke answered: It's clearly Deng. Deng's speech in China, communist China, in December of 1979, opened the floodgates for free-markets and capitalism to start in China, and the

privatization program began. And it's been like an onion there ever since, peeling off one peel after another of the state enterprises and privatizing them.

The poverty reduction in China has been the greatest thing in the history of the world. There's nothing even close to it. And it's all because of things that Joe was talking about, or things ultimately, if you really want to read about it, you could go back to Adam Smith; it's almost all in Smith. So free markets reduce poverty—that's a point that Joe was making. Let's get a little more specific and fine-tune. And that happened in 1965, before we came on.

Tony was talking about his home country of Guyana that became independent in 1965. Singapore was essentially kicked out of Malaysia in 1965 as well and became independent.

What happened then? The situation was such that when you speak of poverty,

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STEVE H. HANKE

Singapore then—this is hard to believe—was one of the most impoverished places on the face of the earth. They were almost ready to have a civil war.

An Indian population, a Chinese population, and a Malay population that were going at each other's throats. They also had a great leader, Lee Kuan Yew. And Lee Kuan Yew put in place what I call the Singapore model. The Singapore model includes the following five components: One, they had a sound currency. Point number two, they did not pass the begging bowl. They refused any kind of foreign aid in Singapore. Lee Kuan Yew would not accept foreign aid. And I think Joe even alluded to the foreign aid aspect of development. The third component is if they wanted a first class competitive economy that was based on free trade, light taxes, and light regulation. They wanted no waste or corruption, and the only way to get that was to have a small, lean government in which they hired first class civil servants; they paid them first class wages. Now the civil servants' job, Joe, of course, is a former finance minister. But the finance minister in Singapore, without benefits, retirement or anything else, just the flat salary is over 1.5

million dollars a year. So, they're hiring first class civil servants and they are paying them first class wages.

The last point, and a very important point, is that public safety and the protection of private property rights is critical. In Singapore 1965, they go from one of the most impoverished places in the world and, as Joe said, it's nice to talk about doing great things, but how do you do great things? I have just given you the five points in the Singapore strategy of Lee Kuan Yew. It worked like a charm. If you don't like that and really want to go big time, you can go to Deng Xiaoping 1979 in China and see what is happening there.

Regarding Steve Young's definitional problems question: **"What's the relationship between money and wealth?"** ... again, Prof. Steve Hanke answered as follows: *the key here is stable money. That's what Lee Kuan Yew had. And how did he have that? He had that with what is called the "currency board system." He retained a currency board system, in which the Singapore dollar was exchanging at a fixed rate with sterling, with a pound sterling, and freely convertible. And it was backed the Singapore dollar 100% with sterling reserves. That means that the Singapore dollar really was a clone of the pound sterling. The important thing there is they didn't balkanize money, or create instability. They unified the Singapore dollar with sterling and kept it in the sterling area, so there was unification, not balkanization. There was stability. So, if you have a stable money and a sound money, you have the potential to create wealth. Unstable money destroys wealth. Unstable money is the enemy. That's why, coming to this inflation picture, I am not saying we're going to have a hyperinflation in the United States; far from it. We're just going to have a lot more inflation, and inflation is particularly bad for people on the lower end of the income distribution. Those are the people who get badly hurt.*

You may also look at Zimbabwe in 2008 when they had this world-second highest

hyperinflation. And at that point in time, the prices were going up every 24.7 hours. Prices doubled, and the poor were the ones that got along with them in the hyperinflation. That's the quickest way to destroy wealth that I know of: have a good hyperinflation; it will do great for you.

Now, back to what's been going on in your charts, Steve, is that if you look at that four points that I raised: increase the money supply, and increase it way above what would be necessary to hit an inflation target—and that's what we're doing in the United States—when that happens, asset prices go up. Who owns assets? People who have assets. Why do you think the billionaires have assets. With all this huge injection of money and liquidity we have had in the system, the billionaires have come out on top, not people who have no shares, and no participation in the stock market, and no 401(k) retirement plans or anything like that. They're living from paycheck to paycheck while they are not an asset boom; they don't even own their own house. That was an asset. That's the second thing: money supply up, asset prices go up. Then the economy starts cranking up. That ultimately is good for everybody because there is a lot more jobs around. If you are unemployed, it becomes more attractive as a booming economy make easier to get a job. So that's good. And then we come to the bad thing: more inflation. That is something that, from an income distribution point of view, hurts the poor more than it hurts the wealthy.

In the final segment, the panel addressed the growing **debate between shareholder and stakeholder capitalism**. The speakers staunchly defended the traditional shareholder model, articulated by Milton Friedman, which holds that a corporation's primary responsibility is to its owners.

They argued that in pursuing long-term profitability for shareholders, a company is naturally incentivized to care for its customers, provide a safe environment for its employees, and maintain good relationships within its communities.

Conversely, they criticized the push for stakeholder capitalism as a core component of the “great reset.” They argued this model politicizes corporations by giving influence to unelected and non-owning interest groups (NGOs, activists), which undermines efficiency, productivity, and the free-enterprise system itself.

The panelists warned that this shift, often championed by corporate elites and billionaires, would lead to a “great mess” where business decisions are dictated by political agendas rather than economic realities. One panelist wryly suggested that billionaires often embrace such “saintly” causes after they have already accumulated their vast fortunes.

CIFA's panelists debate was highly rich. Many thanks go to them and the brilliant moderator Dan Mitchell, including also all attendees. We, at CIFA, hope they found the debate insights interesting and useful for their future endeavors. ■

**“WHAT’S THE
RELATIONSHIP
BETWEEN MONEY AND
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UNSTABLE MONEY
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STEVE H. HANKE**

UNITED NATIONS, ECONOMIC AND SOCIAL COUNCIL, HIGH-LEVEL SEGMENT

ECOSOC 2025 SESSION

STATEMENT
SUBMITTED
BY THE
CONVENTION
OF
INDEPENDENT
FINANCIAL
ADVISORS—CIFA

ECOSOC
HLPF 2025
"Advancing
sustainable,
inclusive, science
and evidence-
based solutions for
the 2030 Agenda
for Sustainable
Development and
its Sustainable
Development Goals
for leaving no one
behind"
NYC, July 2025

Introduction

The Convention of Independent Financial Advisors (CIFA), an NGO in 'General Consultative Status' with ECOSOC, is a leading international center for finance, asset management, and global financial counseling. We collaborate with groups, companies, and organizations to support the 2030 Agenda for Sustainable Development and promote implementation of the Sustainable Development Goals, particularly related to development financing. CIFA has also drafted a Charter, while having 'General Consultative Status' at the ECOSOC of the United Nations, that aims to underline principles of the investor, to benefit from a legal framework that preserves private property, while promoting sustainable investment. Our focus is on promoting our Charter, which aims to define the fundamental rights of investors. The Charter emphasizes creating a legal framework that preserves private property, including personal and intellectual property rights, while respecting the laws and customs of ratifying countries.

ECOSOC's review of the SDGs in 2025 focuses on Advancing Sustainable, Inclusive, Science and Evidence-Based Solutions, in leaving no one behind. Among the 17 SDGs, this report will focus on **SDG 3 (Good Health and Well-Being)**, **SDG 5 (Gender Equality)**, **SDG 8 (Decent Work and Economic Growth)**, **SDG 14 (Life Below Water)**, and **SDG 17 (Partnerships)**. Understanding the synergies, contradictions, and overlaps between these goals is crucial for effective policymaking and implementation.

The 2030 Agenda for Sustainable Development, adopted by all United Nations



Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. Central to this agenda are the 17 Sustainable Development Goals (SDGs), which are an urgent call for action by all countries in a global partnership. The underlying principle of these goals is to "leave no one behind," ensuring that the benefits of development are inclusive and equitable. To achieve these ambitious targets, advancing sustainable, inclusive science and implementing evidence-based solutions are critical for leaving no one behind in our collective journey toward Sustainable Development.

Role and Importance of Science and Evidence-Based Solutions

Science and evidence-based solutions must play a pivotal role in achieving the SDGs. By providing reliable data, appropriate technologies, and workable perspectives, science can inform policy-making to drive progress across all goals. By advancing scientific research and integrating it into policy-making, societies can develop solutions that are effective and sustainable while ensuring that no one is left behind in the process.

Evidence-Based Policy Making—Scientific research provides the evidence needed to design effective policies. For example, health interventions grounded in epidemiological data can significantly reduce disease burden (SDG 3). Gender studies illuminate the barriers to equality (SDG 5), enabling targeted actions. Economic analyses guide strategies for sustainable growth (SDG 8). Marine biology research informs conservation efforts (SDG 14), and social sciences highlight the best practices for building partnerships (SDG 17). Policy design must consider the impact on vulnerable populations, to leave no one behind.

Technological Innovation—Technological advancements, such as Artificial Intelligence (AI), facilitate the achievement of SDGs by offering new solutions to old

problems. Telemedicine improves access to healthcare (SDG 3), digital platforms empower women (SDG 5), automation boosts productivity (SDG 8), and remote sensing aids in monitoring marine health (SDG 14). Collaborative platforms enhance partnerships and resource sharing (SDG 17).

Monitoring and Evaluation—Data collection and analysis are essential for monitoring progress towards SDGs using new AI modalities wherever possible. Science provides the tools and methods for tracking indicators, assessing impacts, and adjusting strategies as needed. Regular evaluation ensures that initiatives remain on track and adapt to changing circumstances. Science plays a vital role in monitoring and evaluating progress towards Sustainable Development.

**CIFA'S CHARTER OF
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PRIVATE PROPERTY,
INCLUDING PERSONAL
AND INTELLECTUAL
PROPERTY RIGHTS,
WHILE RESPECTING
THE LAWS AND
CUSTOMS OF
RATIFYING COUNTRIES.**

“ITS MOST SIGNIFICANT AREA IS NOT THE INDIVIDUAL COMPONENTS, BUT IN THE INTERACTIONS, WHETHER WE ARE TALKING ABOUT SCIENCE, OR THE INTERACTION AMONGST SPECIES, OR THE INTERACTION OF DIFFERENT ECOSYSTEMS.”

The Relationships, Linkages and Synergies—If Sustainable Development is about anything, it is about dealing with problems in their relationship with each other. “Its most significant area is not the individual components, but in the interactions, whether we are talking about science, or the interaction amongst species, or the interaction of different ecosystems.”¹ This also extends to the economic, social, and political spheres since sustainable development calls on countries to deal simultaneously with both efficiency and equity, which is not only complex and interrelated but laden with value judgments.

¹Theodore Panayotou, “Knowledge, Finance and Sustainable Development,” *Organizing Knowledge for Environmentally and Socially Sustainable Development, Proceedings of the Concurrent Meeting of the Fifth Annual World Bank Conference on Environmentally and Socially Sustainable Development, World Bank, 1998*

Understanding how sustainable development can be achieved means not only reliance on science and evidence-based solutions, but also understanding the linkages and connections between goals, as well as where contradictions may exist.

Synergies

Synergies between SDGs imply that efforts to achieve one goal can positively impact the progress of another:

SDG 3 and SDG 5—Promoting good health and well-being (SDG 3) is intrinsically linked to achieving gender equality (SDG 5). Improved maternal health, access to reproductive health services, and addressing gender-based violence all contribute to both goals. Gender equality ensures that women and girls have equal access to health services, which in turn improves overall community health.

SDG 8 and SDG 3—Decent work and economic growth (SDG 8) are vital for good health and well-being (SDG 3). Economic stability enables individuals to afford healthcare services, nutritious food, and a healthy living environment. Conversely, a healthy workforce is more productive and can drive economic growth.

SDG 14 and SDG 8—Life below water (SDG 14) is crucial for economic activities such as fisheries and tourism, which contribute to decent work and economic growth (SDG 8). Sustainable marine practices ensure long-term economic benefits and job security for communities dependent on these resources.

SDG 17 and All Other SDGs—Partnerships for the goals (SDG 17) amplify the impact of all other SDGs. Collaboration between governments, private sector, and civil society enhances resource mobilization, knowledge sharing, and implementation efficiency across all goals, including health, gender equality, economic growth, and marine conservation.



Health and Gender Equality—Indicators such as maternal mortality rate and access to reproductive health services overlap between SDG 3 and SDG 5. Progress in these indicators enhances both health outcomes and gender equality, demonstrating the interconnected nature of these goals.

Economic Growth and Partnerships—The creation of decent jobs and economic opportunities (SDG 8) relies on effective partnerships (SDG 17). Trade agreements, international cooperation, and joint ventures often drive economic growth and provide platforms for achieving other development goals.

Economic analyses guide strategies for sustainable growth (SDG 8). Marine biology research informs conservation efforts (SDG 14), and social sciences highlight the best practices for building partnerships (SDG 17).

Financing the SDGs

Financing the SDGs is one of the critical overlapping and cross-cutting issues, which CIFA follows with great interest.

**FINANCING THE SDGs
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WHILE SYNERGIES AND OVERLAPS CAN BE BENEFICIAL, CONTRADICTIONS BETWEEN SDGs CAN POSE CHALLENGES, SUCH AS: ENSURING THAT HEALTH INVESTMENTS DO NOT COMPROMISE ECONOMIC STABILITY REQUIRES CAREFUL PLANNING AND RESOURCE ALLOCATION.

It promotes capacity building for finance in the technical, vocational, engineering, entrepreneurial, managerial, and scientific fields. CIFA, in particular:

- (1) encourages open, rule-based trading and financial systems, more efficient aid to countries committed to poverty reduction, and rethinking the debt problems of developing countries;
- (2) focuses on the financial problems of the least developed, landlocked, and small islands developing states;
- (3) cooperates with other private sector actors to address unemployment, and make available the benefits of new technology and creative approaches while recognizing intellectual property rights.

Overlaps and Contradiction

Overlaps between SDGs occur when the objectives or indicators of one goal directly

influence another. Understanding these overlaps helps in designing integrated strategies for achieving multiple goals simultaneously.

While synergies and overlaps can be beneficial, contradictions between SDGs can pose challenges. Some contradictions between the selected SDGs include:

- **Economic Growth vs. Environmental Protection**—Efforts to achieve economic growth (SDG 8) can sometimes conflict with environmental protection goals, such as marine conservation (SDG 14). Industrial activities, pollution, and unsustainable resource exploitation for economic gains can harm marine ecosystems. Balancing economic development with environmental sustainability is crucial.
- **Health Initiatives vs. Economic Constraints**—Implementing health initiatives (SDG 3) can be financially demanding, potentially straining resources that could otherwise be used for economic growth (SDG 8). Ensuring that health investments do not compromise economic stability requires careful planning and resource allocation.

Conclusion

Advancing sustainable, inclusive science and implementing evidence-based solutions are essential for achieving the 2030 Agenda for Sustainable Development and its core promise of leaving no one behind. By integrating scientific research into policy-making, promoting diversity and inclusivity in science, and using data-driven approaches, we can develop effective strategies to address global challenges and ensure that no one is left behind.

As we move forward, it is imperative to foster collaboration, innovation, and commitment to sustainable practices that benefit all members of society and the planet. With less than one fifth of

the goal on track, the world is failing to deliver on the promise of the Sustainable Development Goals. Climate crises, political instability, and global challenges significantly hinder the progress of Sustainable Development. The broad nature of the SDG's can make it difficult for anyone organization to tackle all of them.

This means that CIFA, and other organizations must focus on specific goals, and areas where they can have the most impact. To address these complex issues, a multifaceted approach is essential. Only through such concerted efforts can we truly honor our commitment to leaving no one behind in our pursuit of a sustainable and equitable future for all.

The synergies, contradictions, and overlaps between SDGs 3, 5, 8, 14, and 17 highlight the complexity of sustainable development. While integrated approaches are essential, potential conflicts must be managed to ensure balanced progress. Science and evidence-based solutions are indispensable in this endeavor, providing the knowledge and tools necessary to navigate the challenges and seize the opportunities of sustainable development. By leveraging scientific insights and fostering partnerships, the global community can move closer to achieving the ambitious vision of the SDGs.

CIFA actively engages with the SDGs, as evidenced by their participation in UN forums and workshops related to SDGs financing. In essence, CIFA is making positive strides in promoting SDG-related investments, but the wider financial community must overcome challenges related to data, returns, awareness, to name just a few, and the sheer scale of the SDGs.

Undeniably, a loss of faith in sustainability has been evident across global financial markets over the last few years. Inflows into sustainable funds were still strong and hit \$645bn globally in 2021, according to Morningstar data, including Environmental, Social, and Governance (ESG) products, but

plunged to merely \$36bn in 2024. Only by focusing first on '**creation of wealth**', will the world be able to tackle other global objectives, such as sustainability as well as the whole 2030 Agenda.

CIFA strives to make SDG-related investments attractive to private investors. ■



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**VANIA
FRANCESCHELLI**

FECIF CHAIRPERSON

FINANCIAL ADVICE AT THE HEART OF THE SAVINGS AND INVESTMENT UNION (SIU)

■ UP IN THE NEWS—REGULATORY & LEGAL

*Law graduate and Master in Wealth Management (Bologna Business School), **Vania** is a Certified European Financial Advisor, Financial Planner, and ESG Advisor. She is engaged at the European level on MiFID II and ESG issues, with a focus on gender equality and financial education.*

Through ANASF projects, she promotes financial literacy for both students and adults, and as a member of the Bellisario Foundation, she supports the advancement of women in professional and personal life.

As the European Union advances the **Savings and Investment Union (SIU)**, one element remains central to its success: financial advice. Expanding citizens' access to capital markets and enhancing investment opportunities for companies is a core ambition of the SIU. Yet these goals cannot be achieved through regulation and product design alone. Without high-quality advice, citizens may remain hesitant to invest, and the promise of a truly integrated European financial market risks remaining theoretical.

Investment in capital markets remains limited for many Europeans. Citizens often perceive risk as high, products as complex, or the system itself as opaque. As a result, savings remain concentrated in low-yield accounts, while opportunities for long-term growth—both for investors and for companies—are lost. **Professional financial advice is essential to bridge this gap**, translating complex products and regulatory requirements into guidance that citizens can understand and act upon.

The value of competent advice extends beyond information. Advisers help investors navigate uncertainty, mitigate behavioral biases, and make decisions aligned with their long-term goals. They are intermediaries who can turn policy objectives into practical outcomes, enabling citizens to participate meaningfully in capital markets. At the same time, **strong advisory frameworks support the broader economy**, facilitating sustainable funding for businesses and improving the efficiency of capital allocation across Europe.

Despite its importance, the quality and consistency of financial advice across the EU vary widely. Qualification standards differ between Member States, creating disparities in the skills and preparedness of advisers. At the same time, the rapid growth of alternative distribution channels—digital platforms, neo-brokers, and execution-only services—has broadened access to investment opportunities but also introduced **new challenges**. Many investors may find themselves navigating increasingly complex products and services

without sufficient guidance, highlighting the need for careful attention to the overall quality of advice.

The SIU therefore presents an opportunity not only to expand access to capital markets, but also to **give financial advice the consideration it deserves** in policy design. Policies should encourage harmonized professional standards across the Union, ensuring that advisers are adequately trained and equipped to guide investors through a diverse and evolving market. At the same time, digital innovations should be developed to complement human guidance rather than replace it, providing tools that support advisers and investors alike while maintaining clarity, context-sensitivity, and accountability. A thoughtful combination of access, high-quality advice, and practical safeguards is essential if the SIU is to translate ambition into real benefits for citizens and businesses.

Looking ahead, **2026 will be a pivotal year for the implementation of SIU initiatives.** Legislative negotiations, regulatory rollouts, and the practical application of new measures will all intersect with the discussion on the role of financial advisers and the standards that should define their work. Success will require balancing ambition with pragmatism, ensuring that expanding access to markets is matched by guidance that is clear, reliable, and genuinely helpful for investors in making long-term decisions.

To maximize the potential of the SIU, **financial advice must be taken seriously in policy discussions.** It is not enough to open new opportunities; citizens need support to navigate them effectively. By giving proper attention to the quality, accessibility, and relevance of advice, the Union can help ensure that investors are empowered, that companies gain stable and



diverse financing, and that European capital markets grow in a sustainable and inclusive manner.

2026 will test whether the EU can combine access, protection, and competence in a coherent way. Only by addressing these challenges can the SIU deliver tangible results for citizens, investors, and the broader economy. ■

**EXPANDING
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(SIU).**



DAVID CHARLET

ANACOFI PRESIDENT &
FECIF BOARD DIRECTOR

SIMPLIFICATION OR STAGNATION? THE EU'S REGULATORY DILEMMA

■ UP IN THE NEWS—REGULATORY & LEGAL

David Charlet, a graduate of the Universities of Paris 1 and Aix-Marseille, has taught at various universities and schools for over 25 years. Currently president of CC&A Finance Patrimoine Formation, he is best known as president of the French National Association of Financial Advisors (ANACOFI) since 2004. He is a member of the Board of the Federation of European Financial Advisors and Intermediaries (FECIF) since 2007, serving as president from 2017 to May 2020. He is also a member of the Financial Sector Advisory Committee (CCSF) and the Strategic Committee of the National Financial Education Program (EDUCFI). Furthermore, he has served on the National Council for Higher Education and Research (CNESER) and as a director of ORIAS (the French national register of bank, finance, insurance intermediaries). He is the author of numerous articles, studies, and three books.

All that for that result? The European Union has finally realized that it's too cumbersome and not effective enough. It's analyzing and questioning itself, but to what effect for our professions?

For half a dozen years, we've all been working to consider the future of the EU in terms of savings, corporate financing, ESG, and technology. Tens, if not hundreds, of thousands of people have worked on these issues and consumed millions of hours of work on projects that ultimately... don't work! That's the simple observation, even more debatable because it's made by the authorities and politicians themselves. At the average cost of a consultant in Europe, the EU has destroyed hundreds of millions of euros.

But let's move on and start again, since this is what the out-of-touch, entrepreneur-free approach of some people leads us to. However, for us professionals and business leaders who are trying to help with these discussions, the bill is steep, and the method is so far removed from

our approach, which alone allows for the development of the economy and these decision-making structures, by paying for everything. So let's hope the EU has finally understood, and let's have a look at what's happening and what's in the pipeline.

The Retail Investment Strategy, part of the Capital Market Union, is moribund, having worried every business in the Union, from intermediation to banks and insurers, including asset management companies, which create and manage the funds that fuel the economy. The Polish Presidency no longer believes in it, nor do several other Member States. It must be said that the project, filtered through the lens of the idea of "simplification," which has become "the" ultimate solution in Brussels, seems completely crazy. From the outset, professionals have tried to make it clear that the RIS was not well-conceived, particularly because it was based on the premise that nothing had been done to support it, that the current system had led to serious disruption, when it should have simply been a matter of optimization.

However, the RIS is not officially buried. We cannot yet call it RIP and praise it posthumously.

However, there is now talk of proposing a text called the "Savings Investment Union (SIU)," for which consultations are beginning. From what we understand from what has been submitted to us in recent weeks, the ambition is to centralize, unify, and standardize. However, there is concern, given that it is explained to us that simplification will be necessary by strengthening constraints and regulations. We'll have to wait and see what we think, even though many of us have already worked dozens of hours onto this "pre" project.

The simplification sought very recently by the EU, and let's hope it, not too late, nor too timid or conceptual, will also address all texts relating to ESG, which were to structure the entire future and the entire economy of the EU. The initial announcements were harsh, including for those of our citizens who disagreed with the poorly designed texts, which were cumbersome in their implementation, and which could only lead to degrowth. The simplification of ESG could be summed up in a dozen reforms to the texts. Some of the simplifications are obviously necessary, such as limiting the constraints on VSEs and SMEs, which are incapable of tracking and applying 120 CSR criteria.

However, we have never called for everything to be thrown out and for a total and absolute ban on reporting data to companies, which will then be required to report on their compliance with these criteria. This would lead to a mechanical blockage at the fund level and ultimately to a limited range of offers for investors/savers, which would make it impossible to even imagine reaching 50% of the initial objective.

We want reasonable and proportionate CSR, simpler questionnaires that customers agree to complete, and products or offers

whose presentation is compatible with the customer profile. Is it really that complicated to understand?

Simplicity isn't "all or nothing." The professionals and entrepreneurs in our Union have asked for "reason," for not being too cumbersome, and for not aiming for 100% ESG for everyone, everywhere.

This is very different, and it is to be hoped that we will be heard, and that this reflection will not be managed by just another Théodule committee made up of people who are not representative of those who will have to implement it. We are available both as representatives of the companies that will have to "place" and "advise" the investment vehicles, and simply as representatives of companies.

There are two areas of our profession that are not getting simpler: the fight against money laundering, the financing of terrorism, and fraud, and the rules relating to the integration of technology and data exchange. As soon as we delve into the philosophy, law, and technology of these two areas, it is true that simplifying without increasing risk does not appear as easy as in other cases.

However, we should seriously consider the possible options, because even the technology that was supposed to solve everything is becoming a source of complication in the EU, while elsewhere it is achieving its objective.

The EU is today the most complicated union in the world for its businesses and citizens. Who would dare say that in other major nations or groups there are no laws and regulations?

The result is that we have fallen behind all the other major blocs. It is time to listen to the companies and firms that finance everything and make everything possible and now that simplification is no longer a taboo, to get something effective out of it, without excessive deregulation. ■



**ST JOHN
COOMBES**

CIFSA'S CHAIR

ENSURING FAIR ACCESS TO INSURANCE AND FINANCIAL SERVICES FOR SENIORS

■ UP IN THE NEWS—REGULATORY & LEGAL

St. John is a graduate of the University of Kent and a UK and International Certified Financial Adviser. He has been practicing as a financial adviser for over 27 years both in the UK and internationally. St. John is a qualified member of the Personal Finance Society, the Chartered Insurance Institute (CII) and the British Institute of Management (BIM) in the UK and he is the current Chairman of Cyprus International Financial Services Association (CIFSA).

The theatre of Donald Trump has caused European leaders to review their current relationships both internally and externally. Whilst the focus to date has been on Global trade and Security the impact of Trump and his GOP allies has been dramatic and direct. He is being described as an existential threat to Global norms.

The risk of a rift within NATO has been played out since the day of the inauguration exacerbated by Trump's desire to secure a ceasefire in Ukraine at any cost, whilst Trump's statements on trade and Tariffs have upturned the international norms for global trade. Trump's threats related to security guarantees are inter linked into trade, immigration and host of other demands that Trump believes might benefit the US or US companies operating globally.

Donald Trump's influence on financial services in Europe is a little more complex. It could be described currently as creating an indirect rather than a direct existential threat. He is a strong supporter of Wall Street and the markets whilst wanting to

curtail the power of overseas corporations in favour of their US competitors. While he may not be a threat to the entire financial sector, there are aspects to his policies and political approach that could create challenges or uncertainties for financial services in Europe.

1. Trade and Tariffs:

Trump's "America First" policies and trade wars, particularly with China and Europe, has led to uncertainty in international markets. While these trade conflicts do not yet fundamentally disrupt the European financial services industry, they do introduce uncertainty. So far, they have not impacted European markets, but the introduction of tariffs may well undermine European growth and in time reduce returns for private investors.

2. Regulatory Environment:

Trump has already demanded deregulation in the U.S., with Elon Musk's DOGE team routing out waste and removing regulatory bodies. If European financial services firms want to operate in the U.S. or deal

with American financial institutions, his administration's policies could create more friction or require adjustments in compliance strategies, potentially increasing costs or reducing market access.

3. Currency and Global Markets:

Trump's influence on U.S. monetary policy, his stance on the U.S. dollar, and his tendency to criticize Federal Reserve policies has an indirect impact on global financial markets. Changes to the value of the dollar or trade tensions can affect European firms, particularly those with U.S. exposure or dependencies on stable global markets. Uncertainty in currency markets can mean that individuals find it difficult to make decisions about where to invest and hold off on important financial planning.

4. Geopolitical Instability:

Trump's approach to international relations, including his less conventional diplomacy and withdrawal from international agreements (like the Paris Climate Accord or the Iran Nuclear Deal), created geopolitical instability. His Afghanistan withdrawal agreement led to the Taliban retaking the country in days and his urge to "settle" the Ukraine war could lead to considerable security risks for Europe. This could lead to unpredictable effects on European markets, particularly in terms of risk, investment, and the stability of international financial systems.

5. Impact on Global Institutions:

Trump has already made clear his skepticism toward multilateral institutions like the World Health Organisation, the World Trade Organization (WTO) and the International Monetary Fund (IMF). His withdrawal or lack of cooperation with such institutions could result in weaker global financial infrastructure. Europe, heavily reliant on these institutions, would need to adapt to any changes resulting from Trump's policies toward these bodies.

The last few days have seen a softening of Trump's wildest demands and statements as European leaders met with him and remind

him of the binding relationships that still exist. The European "shuttle diplomacy" commenced with a brief meeting between Poland's President Andrzej Duda on the sidelines of the CPAC, and was rapidly ratchet up first with a visit to the White house by France's President Macron, followed by the UK's Prime minister Kier Starmer. The latter two meetings being described as a "bromance" as the European leaders attempted to realign Trumps' "America First" vision with the transatlantic alliance of "equals".

While Trump himself is unlikely to be an "existential threat" in the strictest sense, his policies can certainly influence market volatility, regulatory frameworks, and international relations. These can challenge European regulators and financial institutions, particularly those with global exposure. His unpredictability and strong rhetoric can contribute to an environment of increased risk, which often leads to financial uncertainty.

Navigating through the uncertainty of Trumps influence on personal finances, Interest rates, Mortgage rates, investment returns, and currency can be difficult. Financial Advisers can play an essential role in supporting clients through such challenging times and particularly during disruptive times when unforeseen risks create uncertainty.

FECIF has a key role in supporting the work of Financial Advisers across Europe by continuing to build strong relationships with EU institutions in order to better serve the communities we represent. Effective regulatory policies that support business and encourage innovation whilst protecting consumers outcomes can and should be the future of the industry. FECIF is a key partner in this process. ■



SIMON COLBOC

FECIF'S
SECRETARY-GENERAL,
BRUSSELS

EUROPE SAVES. EUROPE FAILS TO INVEST. THE DIFFERENCE IS ADVICE.

■ UP IN THE NEWS—REGULATORY & LEGAL

Simon is Secretary-General of FEPI, a think-tank established in 2018 to bring together consumers, intermediaries, providers and experts to support the development of pensions across Europe. Simon is a Principal with CMI Strategies, a Paris-based strategy consulting boutique advising public and private sector clients. He has over 25 years' experience in Financial Services, both as an executive (in banking with Fortis and BNP Paribas and in insurance with Prudential Plc) and as a business consultant (with The Boston Consulting Group, DiamondCluster and CMI).

There is a particular kind of policy frustration that comes not from ignorance but from inaction—when everyone in the room agrees on the problem, the evidence is overwhelming, and still nothing moves.

On the evening of 21 April, FECIF gathered in Brussels senior representatives from across the European financial services landscape, in an event chaired by chairperson Vania Franceschelli and facilitated by Secretary-General Simon Colboc. All panelists agreed on the diagnosis with striking consistency. Whether Europe can agree on the cure is a rather more open question.

The diagnosis, to be plain, is this: European households save. They save well and they save consistently. What they conspicuously fail to do is invest. A disproportionate share of accumulated wealth sits in deposits and low-yield instruments, inert and unproductive, generating neither adequate returns for savers nor the capital flows that a continent in the midst of digital and environmental transitions urgently needs.

WHAT ADVICE ACTUALLY DOES

William Vidonja of Insurance Europe set the terms of the debate early. Saving, he noted, is only half the equation. The real question is how to ensure that part of those savings finds its way into productive investment—serving individual financial goals and broader economic growth simultaneously. The evidence is unambiguous: individuals who receive professional guidance build more wealth, prepare more effectively for retirement, and approach financial decisions with measurably greater confidence. As the discussion made plain, "financial advice is not just a service. It's a key driver of economic participation."

Jacopo Borgognone of the European Banking Federation added the macro dimension. The core challenge, he argued, lies in asset allocation: too large a share of European savings remains concentrated in low-risk instruments when it could be directed toward long-term investment.

Europe does not lack the resources to finance its own transitions. It lacks the mechanisms—and the trust—to mobilize them.

Andrea Liesenfeld of the European Commission brought regulatory sobriety to the conversation. There is no single instrument that solves this challenge. Financial literacy, value for money, and access to advice must work in combination to support meaningful retail participation. Education creates the conditions for advice to function; it does not replace it. Citizens should not need to become investment experts as a precondition for securing their financial futures. That is precisely what professional advice exists to prevent.

THE CONTINENT OF CONSENSUS

Josep Soler Albertí, Executive Director of EFPA Spain, put the central tension with characteristic directness: "We are in the continent of consensus on the diagnosis, but not on the solutions."

The observation cuts deeper than polite conference rhetoric. Behind the alignment on problem statements lies an uncomfortable reality: European governments have been conspicuously reluctant to communicate honestly with citizens about the long-term sustainability of public pension systems. The message that supplementary private saving is not a luxury but a necessity has not been delivered with anything approaching the urgency it demands. In the resulting vacuum, the task falls to advisers and to the industry — asked to motivate behavior that public policy has failed to incentivise.

A WARNING THE REGULATOR MUST HEAR

Technology featured throughout the discussion, and appropriately so. Digital tools are expanding access and reshaping how citizens first engage with financial products. But a risk accompanies this

progress: consumers increasingly turn to tools for what they perceive as financial advice, including tools that operate entirely outside any regulatory framework. The hybrid model—people starting online, turning to professional guidance when decisions become consequential—is not a transitional compromise. It is the permanent architecture of a well-functioning advisory market.

Which makes regulatory calibration all the more critical. Rules designed to protect retail investors can, if poorly designed, achieve the opposite—not by exposing investors to risk, but by pricing professional advice beyond the reach of those who need it most. FECIF's position is consistent: strong consumer protection, yes; a framework that reserves quality advice for the affluent, no.

THE TASK AHEAD

FECIF Chairwoman Vania Franceschelli drew the thread together in her closing remarks: "Ensuring access to high-quality professional advice, alongside stronger financial literacy, will be key to fostering trust, enhancing participation in capital markets, and supporting long-term financial resilience across Member States."

The logic is sound. The political will to act on it remains the test. Europe's investment gap will not be closed by market architecture alone. It will close when millions of ordinary citizens receive advice they trust, from professionals they can access, within a framework that makes this exchange viable for both parties.

The diagnosis is shared. The profession is ready. What remains is the decision to act. ■



MARTIN KLEIN

FECIF'S
DEPUTY CHAIRMAN,
BRUSSELS

EXECUTIVE DIRECTOR
OF VOTUM

WHEN THE CHATBOT BECOMES THE BROKER: ARTIFICIAL INTELLIGENCE, FINANCIAL INTERMEDIATION...

■ UP IN THE NEWS—REGULATORY & LEGAL

*A lawyer in Hamburg since 1997, **Martin** specializes in sales law for investments and insurance, advising and representing intermediaries in liability proceedings. Since 2007, he has led the intermediary association VOTUM, now as Executive Director, representing the advisory financial services industry in Berlin and Brussels. He focuses on the practical implementation of regulatory requirements and serves on supervisory boards within the sector, while also lecturing at Schmalkalden University of Applied Sciences.*

WHEN THE CHATBOT BECOMES THE BROKER: ARTIFICIAL INTELLIGENCE, FINANCIAL INTERMEDIATION, AND THE REGULATORY VACUUM EUROPE CANNOT AFFORD TO IGNORE.

Artificial intelligence is reshaping e-commerce with a speed that few regulatory frameworks were designed to absorb. In sector after sector—retail, travel, healthcare, legal services—AI-powered systems are stepping into roles that were previously occupied by licensed, regulated, and accountable professionals. Financial services are no exception.

VOTUM has formally documented to the BaFin and the DIHK that ChatGPT and Claude are recommending specific insurance products from named providers to consumers, complete with tariff designations, justifications based on apparent needs assessments, and directions on where a contract can be concluded. Under the Insurance Distribution Directive (IDD) and its national implementing legislation, this constitutes insurance mediation requiring authorization.

Every licensed intermediary in Europe knows this framework intimately—the qualification requirements, the documentation obligations, the professional indemnity cover, the personal liability for unsuitable advice. None of it applies when the adviser is a chatbot.

The consumer protection consequences are not abstract. A licensed broker maintains an ongoing relationship with the client—adjusting coverage when a family grows, when a household moves, when asset values change, intervening at the moment of a claim. A chatbot conversation ends when the browser window closes. The consumer who acts on it is, from that moment, without structured recourse. And when something goes wrong, the question of who bears liability has, for now, no satisfactory answer.

WHAT THE AUTHORITIES SAID

The responses from Germany's supervisory apparatus were, in their way, revealing. The BaFin acknowledged the problem but declined to offer a definitive legal assessment, noting that supervisory competence over intermediaries lies with the chambers of commerce. The DIHK and the chambers pointed toward a European-level solution. Since August 2025, EIOPA has held an equivalent question open in its Q&A database under reference 3407—and passed it to the European Commission, which has so far issued neither guidance nor regulatory amendment. The Federal Ministries of Economic Affairs and Justice, present in our BaFin conversations, indicated that no conclusive internal examination had yet taken place.

Their preliminary position—that the AI systems' insurance recommendations may not constitute a "commercial offering" because consumers pay for the platform, not specifically for the advice—deserves direct engagement. OpenAI carries a market valuation of approximately \$852 billion. Anthropic's stands at approximately \$965 billion. These are among the most commercially consequential enterprises on earth. The argument that their outputs fall outside the scope of commercial regulation because the monetization model is still maturing mistakes a business strategy for a legal status.

Platform economics has a well-documented pattern: capability is built freely, dependency is established, and monetization follows. AI assistants that position themselves as indispensable in matters of insurance and financial planning will be well-placed to extract value from that role—the only question is when, and in what form. It is worth recalling, in this context, that the European Commission recently enforced a competition penalty of €4.1 billion against Google. The regulatory reach of European law over dominant digital platforms is not in question.

The suggestion that these are American companies beyond European reach is equally unfounded. Both OpenAI and Anthropic hold registered addresses in Ireland — and Anthropic's choice of domicile carries an irony that requires no embellishment: the company is registered on Orwell Road in Dublin. European legal nexus exists. There is a clear path toward examining whether Irish supervisory authorities should require these entities—should they maintain their current practices—to apply for the relevant authorizations and comply with the applicable professional obligations. This is a path we have raised with the DIHK and intend to pursue.

A PROBLEM REGULATORS CAN SEE BUT NOT YET LOCATE

What our supervisory inquiries have uncovered is less a disagreement about the law than a structural problem of jurisdictional dislocation. Every authority

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WINDOW CLOSES.
THE CONSUMER
WHO ACTS ON IT
IS, FROM THAT
MOMENT, WITHOUT
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RECOURSE.**

AT EUROPEAN LEVEL,
THE COMMISSION
MUST NOW ACT.
THE CONSUMER
PROTECTION
STANDARDS
ENSHRINED IN
EUROPEAN LAW WERE
NOT DRAFTED WITH
A CARVE-OUT FOR
DIGITAL PLATFORMS.



Source: Adobe-Stock

we spoke with recognized the issue. None considered itself the appropriate body to act on it. The result is a supervision gap in which conduct that would attract immediate regulatory attention if carried out by a licensed intermediary proceeds unchecked at industrial scale in the digital environment.

There is a further dimension that compounds the consumer protection concern. AI recommendations are not derived from objective market analysis. They reflect, to a significant degree, which insurers have most effectively optimized their online presence for discover-ability by large language models—what practitioners now call Generative Engine Optimization. Insurers that invest in this are more likely to appear in AI-generated recommendations, regardless of product quality or suitability. Our own testing found that identical queries submitted to the same systems produced inconsistent recommendations across sessions. The consumer sees none of this. The response arrives with the surface authority of apparent expertise.

BaFin, in its capacity as supervisor of insurance undertakings rather than

intermediaries, has standing to examine whether GEO-driven recommendation strategies are compatible with existing rules on misleading marketing. We have raised this point directly.

THE CONSISTENCY ARGUMENT

Registered intermediaries in Germany operate under a framework that is detailed, demanding, and enforced. A sole-trader broker who fails to document continuing professional development hours to the required standard faces regulatory proceedings. The same framework that scrutinizes that broker does not, at present, scrutinize the distribution of unlicensed insurance recommendations by systems with near-trillion-dollar valuations to millions of European consumers. The disproportion requires no further commentary.

VOTUM's position has been consistent: AI holds real potential as a tool in the hands of qualified intermediaries, supporting efficiency and improving the quality of advice. The question is not whether AI belongs in financial services.



The question is whether the legal framework applies equally to all participants performing equivalent functions—and whether a consumer who receives a product recommendation is protected regardless of whether that recommendation came from a licensed professional or an algorithm.

VOTUM will continue to pursue these legal questions. Our view is straightforward: the rules already exist. They need only to be enforced consistently for all. Our commitment is to a level playing field for every market participant—whether analogue or artificial.

At European level, the Commission must now act. It owes the market an answer to the question that EIOPA raised almost a year ago. The consumer protection standards enshrined in European law were not drafted with a carve-out for digital platforms. ■

**IS THE CONSUMER
PROTECTED
REGARDLESS OF
WHETHER THAT
RECOMMENDATION
CAME FROM
A LICENSED
PROFESSIONAL OR
AN ALGORITHM?**

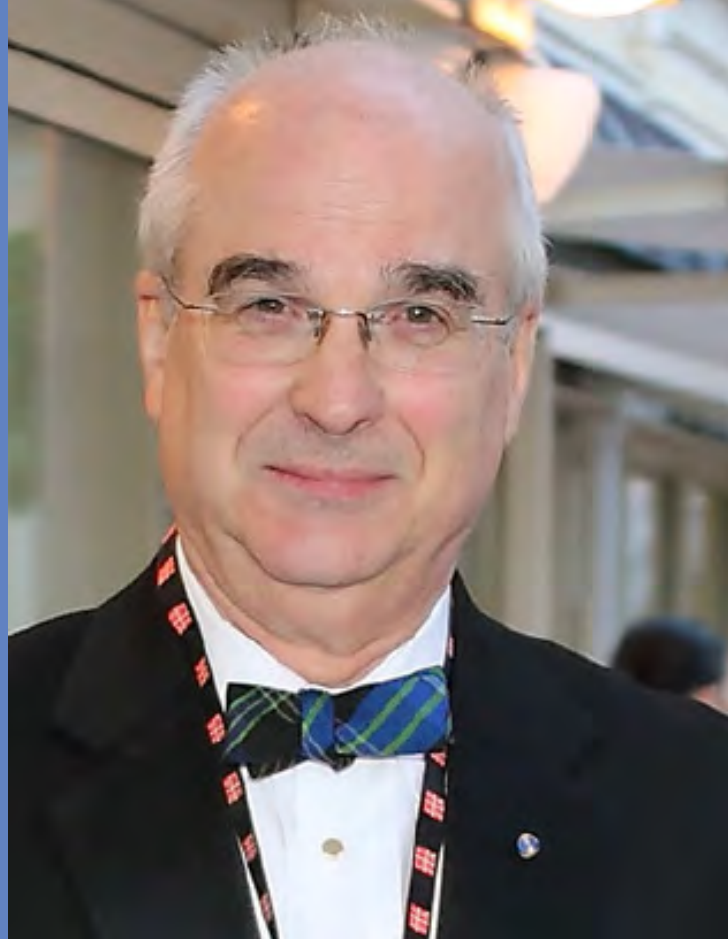
THE PURSUIT OF HAPPINESS

A U.S. DECLARATION OF INDEPENDENCE CORE ITEM, AND CORE TO OUR NATION'S 250TH YEAR CELEBRATION

STEPHEN B. YOUNG

GLOBAL EXECUTIVE DIRECTOR OF THE CAUX ROUND TABLE FOR MORAL CAPITALISM

■ UP IN THE NEWS—OPINION



This article was originally published in the CRT 'Pegasus' edition of May 2026.

This coming July 4, 250 years ago, British citizens resident in colonies in North America and owing allegiance to the King and Parliament of Great Britain declared that they were entitled to terminate their loyalty to said Crown and Parliament and to establish their own sovereign government under the laws of Heaven and subject to God's superintendence of human affairs.

Their entitlement, they asserted, was to rights of life, liberty and the pursuit of happiness. The right to live alive is quite straightforward. The right to liberty is much more contextual: where do your liberties take precedent over my liberties? Liberty is not license. It is conjoined with restraint, just as nemesis follows hubris. Law is necessary to set limits to liberty and we can easily argue over what the law should permit and what it should prohibit.

But the right to pursue happiness is even less self-evident than the right to liberty.

Is it a right to "happiness" itself, whatever that might be under Heaven? Or is it, first and foremost, rather a right to "pursue" some outcomes over others?

Thus, to more fully understand this right, we need to ask (1) how should happiness be pursued and (2) what outcomes should be off the table and not pursuable, as they would be injurious to self or others, useless or fictional and illusory in their promises?

Further, does "my" truth about whatever happiness could be ever restrict your right to seek "your" truth about happiness?

Is the pursuit of happiness just a comfortable metaphor behind which hides Zarathustra's will to power, for his having a right to range far and wide seeking to possess and enjoy whatever obsession comes to his mind?

Nietzsche's Zarathustra believed that: "And you yourselves should create what you have hitherto called the world: the



world should be formed in your image
by your reason, your will and your love!
And truly it will be to your happiness you
enlightened men! ... my *willing* always
comes to me as my liberator and my joy.
Willing liberates ...
my will's delight in begetting and
becoming; ... my ardent, creative will ...
drives the hammer to the stone."

There is an important insight in Nietzsche's
formulation of happiness—it is the pursuit,
not the possession, that makes all the
difference to our finding happiness.

The pursuit is a spiritual undertaking, not
at all materialistic. Marx got it all wrong in
his life-long effort to subvert capitalism.
Money was not the evil he thought it was.
Money just is.

What it means to us, why we set ourselves
on course to get it, comes from inside us.
Paul understood this correctly when he
wrote that "the love of money is the root
of all evil."

**THEIR ENTITLEMENT
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Utilitarianism—seeking the greatest good for the greatest number—is another philosophy which marginalizes the spirit. Utilitarians, thus, also get it wrong by prioritizing the material. Jeremy Bentham (1748–1832), the English philosopher who founded modern utilitarianism, developed the “hedonic calculus”—a mathematical way to measure the morality of an action by weighing the intensity, duration and certainty of the pleasure it produces against the pain it causes.

Focusing on the material, not the spiritual, will not bring us happiness.

The very early Greek philosopher Heraclitus looked to our ethics, not our money, as the source of how we might best live. His pithy saying was *ethos anthropos daimon*—“a constellation of values is for human persons their decision-making genie.”

Ethos is our personal ethics—our meaning and purpose; what we will and will not do. *Ethos* is of the spirit, not the body. *Daimon* is the ancient Greek word for inner-spirit

or soul-force. Centuries later, Adam Smith, in *The Theory of Moral Sentiments*, would conceptualize a *daimon* as an objective consciousness always present within our breast, an observer of our thoughts, intentions and actions, which can speak to us with approval or disapproval from the standpoint of others and society at large.

When our ethics are rightful, we find ourselves energized by a *charism*—a gift we give ourselves when we are subconsciously enlightened by the transcendental.

Ralph Waldo Emerson wrote about gaining possession of such a *charism* and thereby being elevated by its *daimon* in his essay, “The Over-Soul”: “When the soul, whose organ [we] are would [we] let it appear through [our] action would make our knees bend. When it breathes through [our] intellect, it is genius; when it breaths though [our] will, it is virtue; when it flows through [our] affection, it is love. ... [we need] to let the soul have its way through us; in other words, to engage us in duty.”

Karl Barth’s central theme in his theological anthropology is what he calls “encounter,” characterized by four main elements: seeing eye to eye, exchanging speech and hearing, giving and receiving assistance and doing all these things in a spirit of gladness. Attaching a good *daimon* to our personhood shifts our nature towards a constant practice of encountering with those we meet and live with.

To put the case another way, the *daimon* we should seek to lead us in the pursuit of happiness must bestow virtue upon us.

Aristotle argued that the virtuous person acts with a view towards finding truth, practicing goodness and resting in beauty. Such a person will experience *eudaimonia* or happiness because such a person will have matured within their personhood a happiness *daimon* who will champion human flourishing and deep fulfillment, rather than experiencing temporary,

fleeting pleasures, with uncertainty married to destabilizing instability.

Confucius also put virtue (te) at the center of his teachings: “The lordly person thinks of virtue. The trivial person thinks of comfort.” “The mind of the lordly person converses with righteousness; the mind of the trivial person converses with profitable advantage.” “Virtue is not left alone; it attracts good neighbors.”

The Buddha taught us how mental focus and the chasing away of afflicting emotions can become our daimon in that we can then follow the noble eightfold way of:

1. Wisdom (Paññā):

- Right View (or understanding): Seeing the world as it truly is, rather than how it appears. This means understanding the Four Noble Truths, the concept of impermanence and the law of cause and effect (karma).
- Right Intention (or resolve): Cultivating a mindset of non-violence (compassion), renunciation and non-ill will. It is about committing to the path and letting go of grasping and aversion.

2. Ethical Conduct (Sīla):

- Right Speech: Communicating truthfully and constructively. This involves refraining from lying, gossiping, harsh language and divisive talk.
- Right Action: Behaving in a peaceful and harmless way. This requires following the five basic Buddhist precepts: refraining from killing, stealing, sexual misconduct and the abuse of intoxicants.
- Right Livelihood: Earning a living in an ethical manner. A practitioner’s job should not harm others, directly or

indirectly (e.g., avoiding work involving weapons, intoxicants or animal slaughter).

3. Mental Discipline (Samādhi):

- Right Effort: Channeling energy toward wholesome states and letting go of unwholesome ones. This requires cultivating positive qualities and maintaining mental balance.
- Right Mindfulness: Maintaining a clear, calm and detached awareness of the present moment. This involves observing one’s own body, feelings and state of mind without judgment.
- Right Concentration: Developing the ability to focus the mind deeply. This is typically practiced through meditation and helping to create a stable, peaceful awareness that is the foundation for deep insight.

**ARISTOTLE ARGUED
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ADAM SMITH'S NAMES FOR OUR PERSONALIZED DAIMONS IS "THE IMPARTIAL SPECTATOR WITHIN THE BREAST" OR "THE MAN WITHIN THE BREAST."

In his *Summa Theologica*, Saint Thomas Aquinas listed and precisely defined many virtues and instructed us in the formation of habits. Habitation, he taught, empowered the virtues in our character. As we progressed in the formation of character, our habits would channel into our behaviors the rigorous expectations of our daimon.

Adam Smith wrote of virtue in his *Theory of Moral Sentiments* that "virtue" is excellence, something uncommonly great and beautiful, which rises far above what is vulgar and ordinary. To become "uncommonly great and beautiful" would be to have made room in our self for an uncommonly great daimon, which encourages us to avoid the vulgar and the ordinary.

Smith puts into words his understanding of how one's daimon interposes its perceptions, values and recommendations on the psyche of the host personality. Smith's names for our personalized daimons is "the impartial spectator within the breast" or "the man within the breast."

Smith's understanding of our most effective relationship with our daimon is: *thoughts, feelings and behaviors must be left altogether to the decision of the man within the breast, the supposed impartial spectator, the great judge and arbiter of our conduct. If we place ourselves completely in his situation, if we really view ourselves with his eyes and as he views us and listen with diligent and reverential attention to what he suggests to us, his voice will never deceive us. ...*

The real or even the imaginary presence of the impartial spectator, the authority of the man within the breast, is always at hand to overawe them into the proper tone and temper of moderation. ...

He soon identifies himself with the ideal man within the breast; he soon becomes himself the impartial spectator of his own situation. ...

He has never dared to suffer the man within the breast to be absent one moment from his attention. With the eyes of this great inmate, he has always been accustomed to regard whatever relates to himself. This habit has become perfectly familiar to him. He has been in the constant practice and indeed, under the constant necessity of modelling or of endeavouring to model, not only his outward conduct and behaviour, but, as much as he can, even his inward sentiments and feelings, according to those of this awful and respectable judge. He does not merely affect the sentiments of the impartial spectator. He really adopts them. He almost identifies himself with, he almost becomes himself that impartial spectator and scarce even feels, but as that great arbiter of his conduct directs him to feel. ...

The modern American student of personal psychology, Erik Erikson, described our coming to own our particular daimon—for better or for worse—through different stages of developing an ego identity. He proposed that we develop ourselves, obtaining specific attributes of personality, each in one of these eight stages of maturation.

Our individualized daimon, in any given year, is our response to our experiences in the stages to date:

1. Trust vs. Mistrust (birth–18 months): Infants learn whether the world is safe and reliable based on caregiver responsiveness. Success builds hope and lays the foundation for a vibrant and helpful daimon to emerge.
2. Autonomy vs. Shame and Doubt (18 months–3 years): Toddlers develop independence through choices and physical control. Success builds will and self-confidence, energizing the emerging daimon.
3. Initiative vs. Guilt (3–5 years): Children begin asserting control through play and social interaction. Success builds purpose; failure leads to guilt about desires. Failure at this stage can turn the emerging daimon into a force for dysfunction and unhappiness.
4. Industry vs. Inferiority (5–12 years): School-age children develop competence through learning and doing. Success builds confidence; failure leads to feelings of inadequacy. The daimon responds accordingly—seeking continued success or setting us up for more failure.
5. Identity vs. Role Confusion (12–18 years): Adolescents explore who they are—values, beliefs, future roles. Success builds a coherent identity; failure leads to confusion about one's place in life. With an identity formed, our daimon has been created.
6. Intimacy vs. Isolation (18–40 years): Young adults seek deep, committed relationships. Success leads to love and connection; failure leads to loneliness.
7. Generativity vs. Stagnation (40–65 years): Adults focus on contributing to society—through work, parenting or

community. Success brings a sense of purpose; failure leads to self-absorption.

8. Ego Integrity vs. Despair (65+): Older adults reflect on their lives. Those who feel fulfilled achieve wisdom and acceptance; those with regrets may experience despair.

For psychologist Harry Stack Sullivan, our self-system is our daimon. Sullivan argued that the self is not an innate, fixed entity, but an interpersonal construct. It emerges entirely out of our relationships with others, particularly early caregivers. He defined the self-system as a configuration of personality that develops to manage anxiety arising from interpersonal situations. The self is essentially a security operation. Its primary job is to minimize anxiety, not to reflect reality or facilitate authentic living. To avoid anxiety, the child learns which behaviors and self-presentations are approved or disapproved.





accurate perception of ourselves and others. Because for Sullivan, therapy is a corrective interpersonal experience, astute psychotherapy can help us evolve a helpful daimon:

- Therapy as a corrective interpersonal experience. The therapist (the “participant-observer”) enters the patient’s interpersonal field and can provide experiences that loosen the self-system’s rigid defenses.
- The self resists change. Because the self-system exists to reduce anxiety, anything that threatens to alter the self is experienced as dangerous—even when the change would be beneficial.

CIVILIZATIONS AND THE PURSUIT OF HAPPINESS

To create a good daimon inside you, living in civilization is necessary. Civilization creates hospitable conditions for individuals to grow a good daimon inside themselves in the mind, heart, psyche and pre-frontal cortex.

Civilization has a collective daimon in its culture and suffused in its institutions. That daimon tends to the systemic reproduction of human and social capitals for the community. These daimons are sometimes called “national character.” Alexis De Tocqueville described the daimon shaping early 19th century Americans in *Democracy in America*. Ruth Benedict described the Japanese daimons in *Chrysanthemum and the Sword*. The uncivilized are led astray and so burdened by living with bad daimons.

Just as we can ask ourselves about the abilities, proclivities, moral and intellectual disposition of our daimon, so can we, as observers, ask the same questions of the daimons guiding and inspiring different civilizations, for better or for worse.

This approval/disapproval dynamic shapes three “personifications” of the self:

- Good-me—the parts of the self associated with approval, tenderness and reward.
- Bad-me—the parts associated with disapproval and mild to moderate anxiety.
- Not-me—experiences so anxiety-laden they are dissociated entirely from awareness; felt as uncanny dread or horror.

For Sullivan, each such self-system acts as a daimon.

This means the self-system becomes self-reinforcing and self-limiting. It protects us from anxiety, but also keeps us stuck—preventing growth, new experience and

Civilization implies the creation of constructive social capitals. Social capital is a form of order among individuals.

Trust between two people is the gold standard of valuable, life-enhancing social capital. In Chinese terms, social capital creates a *dao*—a way, a flow of synchronicity and symbiosis which makes history and organizes the world.

For Confucius, our particular offices give us our *dao*—“The lord, lords. The minister, ministers; The father, fathers and the son, sons. Etc.”

Happiness, therefore, arises from creativity, from work or, as Martin Luther put it, from “vocation”—a calling to do, to act, to accomplish, to leave a mark on the world. Again, we see a causal connection between pursuit first and then happiness later.

But no one can create or be called to a vocation without engaging with spirit, with the right kind of daimon energizing the personality. As Marx did correctly note, alienation from the spirit through subjugating entanglement to the cash nexus of materialism deadens the personality, maybe even suffocates a person’s righteous daimon.

Again, we see a connection between pursuit and happiness.

If the pursuit of happiness comes from finding a vocation, from doing work, we will need to develop skills, become an artist, ask our daimon to refine and intensify our sense of aesthetics.

Our pursuit, therefore, starts with making ourselves—a vocation of self-improvement. Then, we ourselves can make the world.

With the right daimon, with a charisma beating inside us, we can know ourselves—the Greek insight into becoming happy. It is not them who give us happiness. It is us who make it happen. We can live

the well-examined life; for we are the seekers of the truth about who we are and who we are not.

During the Holocaust, Viktor Frankl, an Austrian psychiatrist, was imprisoned in several Nazi concentration camps, including Auschwitz. He survived and his core insight, drawn directly from his experiences, was that everything but one can be taken from a person and that one power is the freedom to choose one’s response to any situation and to find one’s own way—the power, the freedom, to listen to one’s daimon.

He wrote, “Everything can be taken from a man but one thing: the last of the human freedoms—to choose one’s attitude in any given set of circumstances, to choose one’s own way.”

CIVILIZATION HAS A COLLECTIVE DAIMON IN ITS CULTURE AND SUFFUSED IN ITS INSTITUTIONS. THAT DAIMON TENDS TO THE SYSTEMIC REPRODUCTION OF HUMAN AND SOCIAL CAPITALS FOR THE COMMUNITY.

THE GNOSTIC SEEKS “GNOSIS” OR KNOWLEDGE FROM SUPERIOR MINDS WHO HAVE RECEIVED SOME REVELATION FROM BEYOND MATERIAL REALITY.

THE GNOSTIC ALTERNATIVE

There is an anti-civilizational alternative, that of Gnosticism. The gnostic looks not to self in the search for happiness, but to others. The gnostic seeks “gnosis” or knowledge from superior minds who have received some revelation from beyond material reality. That knowledge illuminates our understanding of this worldly realm in a way that exposes who or what is denying us happiness. Gnostics start with evil and move on to seek its destruction. They are driven by fear and are desperate to find safe spaces in which to cower in affirming company with other believers. They adopt a cause through which to purify, to extirpate, to cleanse away the existential filth that keeps them unhappy. They become zealots and dangerous.

My most telling experience with such gnostics was in Cambodia with the Khmer Rouge. Their leaders, Sino-Khmers educated by the French, believed that all troubles in Cambodia came from people corrupted by ownership of property or education.

Survivors of that Holocaust living in refugee camps in Thailand told me that when they were about to kill their victims, the Khmer Rouge cadres would lecture, “If you live, we gain nothing. If you die, we lose nothing. So, why not kill you today?”

The zealot has an unhappy self and doesn’t know how to pursue happiness. If happiness cannot come from zealotry, then where can it be found?

As Aristotle, the Quran, Confucius and the Buddha each in their own way pointed out, the mean—the balance—is the dao to be followed in the pursuit of happiness.

Aristotle wrote of the golden mean between extremes. Confucius said perfect is the virtue which can follow the mean. The Buddha taught about placing yourself between too much on one side and too little on the other.

Quran instructs: “And the heaven He raised and imposed the balance that you not transgress within the balance. Indeed,





we sent our messengers with clear signs and sent down with them the book and the balance that people may uphold justice. ...” When one is centered, in balance, keeping the mean between extremes, one is in pursuit of that equilibrium, ever alert, ever alive, ever stable, ever confident, never unhappy.

The mean can be found in duties, in holding an office, in service of others. The mean orientation in those relational engagements is between self and other. When we assume responsibilities—a lord who lords ... —we make a bridge between ourselves and others. We are not too much for ourselves or too much for them. We balance our self vis-a-vis the situation of the other.

Adam Smith’s virtue of prudence can be associated with finding and keeping the mean: “This superior prudence, when carried to the highest degree of perfection, necessarily supposes the art, the talent and the habit or disposition of acting with the most perfect propriety in every possible circumstance and situation. It necessarily supposes the utmost perfection of all the intellectual and of all the moral virtues. It is the best head joined to the best heart.”

Keeping the balance is work; it is a vocation. It is an art form, an aesthetic with its own high, but attainable standards of beauty, truth and goodness. Being prudent is work; it is a vocation, a calling; an art form putting the personality before others with symmetry and proportion, a social aesthetic. When we lose the mean:

*Things fall apart; the centre cannot hold;
Mere anarchy is loosed upon the world,
The blood-dimmed tide is loosed
And everywhere the ceremony
Of innocence is drowned;
The best lack all conviction,
While the worst are full of
Passionate intensity.*

— William Butler Yeats, *The Second Coming*

The work of keeping the mean calls for skill in being open to the surrounding ecosystem, being aware, participating, curious, receiving and giving. A black hole is not a mean. It is a death trap sucking in life and squishing it into senseless energy having no purpose.

**THE MEAN CAN BE
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THE MEAN
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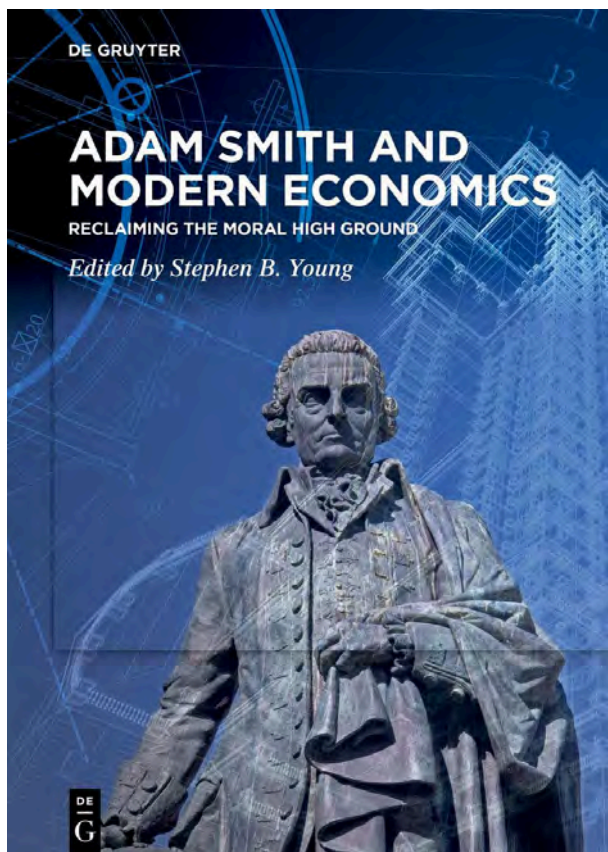
Secondly, keeping the mean side steps the second law of thermodynamics—the rise of entropy and so waste of energy in closed systems. Entropy prevents work from happening. No work happening, no happiness.

Thirdly, keeping the mean is made easier by asking questions of others, by learning, by persuasion—of them by us and of us by them—asking for a burden of proof on their part and meeting such a burden on ours.

*Ah, love, let us be true
To one another! for the world, which seems
To lie before us like a land of dreams,
So various, so beautiful, so new,
Hath really neither joy, nor love, nor light,
Nor certitude, nor peace, nor help for pain;
Swept with confused alarms of struggle
And flight, where ignorant armies
Clash by night.*

— Matthew Arnold, *Dover Beach*. ■





About this book

For more than two centuries, economists and researchers have struggled with the conundrum of reconciling Adam Smith's views on economics and ethics. While some held that Smith's capitalism and free markets institutionalized selfishness, greed, inequality and injustice, others focused on his theory of the moral nature of all human persons and the application of conscience and self-restraint in capitalist activities.

Adam Smith and Modern Economics suggests that neither of these two conventional understandings alone is accurate and conducive to human flourishing. Smith put markets in the context of morality, observing that markets serve best when our moral sentiments are followed. In a remarkable convergence of inductive thinking, the contributors to this book set a new standard of scholarship and insight for our understanding of Adam Smith's contributions as a master of political economy, where politics brings forth decision-making about priorities and values. The contributions integrate morals, values, and the universal intangible capitals of sociality and human resourcefulness with the more materialistic side of economic activity to advocate a system seeking equilibrium. They posit that when ethics and economics are integrated, wealth can be created for the good of all.

About the Author

Stephen B. Young is the Global Executive Director of the Caux Round Table for Moral Capitalism, an international network of experienced business leaders who advocate a principled approach to global capitalism. He is the recipient of the Albert Nelson Marquis Lifetime Achievement Award, the highest honor extended by Marquis Who's Who and has been included in Who's Who Commemorative Edition Book 2023-2024 for Lifetime Achievement. Young was educated at the International School Bangkok, Harvard College, and Harvard Law School and served with the US Agency for International Development in South Vietnam from 1968 to 1971 in the village development and counterinsurgency program. He later was a lawyer with Simpson, Thatcher and Bartlett in New York City and a member of the Council on Foreign Relations.

Young was an Assistant Dean at the Harvard Law School and later Dean and Professor of Law at the Hamline University Law School. He is currently an advisor to the Convention of Independent Financial Advisors in Geneva and was a founder and a member of the Board of Magni Global Assets, an investment management firm now merged with Newday Impact Investments. He is a member of the Advisory Council to the Papal Fondazione Centemius Annus Pro Pontifice, established by Pope (now Saint) John Paul II as a lay organization to promote Catholic Social Teachings. He has published articles on corporate social responsibility, enterprise valuation, public and private goods, Chinese jurisprudence, the culture and politics of Vietnam and Thailand, Native American law, the history of negligence, and the law of war.

Commemorating the 250th anniversary of Adam Smith's *The Wealth of Nations*, this new and sympathetic understanding of Smith's intentions and accomplishment is essential reading for academics and students of economics, politicians and bureaucrats, public policy planners, social justice activists, executives, and professionals.

- ➔ Pioneering book on the comparative ethics of Smith's study
- ➔ The first book to look at *Wealth of Nations* from the perspective of different religious value orientations
- ➔ Contributions from both academics and practitioners

* * *

Have you bought our new book: [Adam Smith and Modern Economics: Reclaiming the Moral High Ground?](#)

A 35% discount is available to friends of the Caux Round Table.



**MARCO
EUGENIO DI
GIANDOMENICO**

ART AND CULTURE
ECONOMIST,
CONTEMPORARY ART
CRITIC, SUSTAINABLE
ART THEORIST.

SUSTAINABLE ART

HOW CAN ART AND CULTURE IMPROVE THE CURRENT INTERNATIONAL GEOPOLITICAL SITUATION?

INVESTING—EXPERTS VIEWS

In line with the evolution of the concept of sustainability over the centuries, especially in the 20th century and the first decades of the 2000s, the notion of sustainable art takes on different connotations in relation to the creative languages and new media that have emerged with the advent of the digital age, and to the social function, so to speak, of contemporary artistic production, which is increasingly aesthetic-ethical both in its creative processes and in its fruition in terms of social edification.

THE ENVIRONMENT AND ART SUSTAINABILITY

The original approach focuses on the environment, identified as everything that surrounds and with which a human being interacts in the course of his or her existence, both of a biotic nature (plant and animal world), including relations with other human beings (in terms of competition, social, family, sexual relations, etc.), and of an abiotic nature, i.e., non-living, such as soil, climate, etc. The environment, which absorbs historical, social, political, and anthropological aspects, is the common denominator of heterogeneous

artistic experiences (land art, process art, minimal art, conceptual art, etc.), which become an aesthetic synthesis of expressive medium, place (site) and time, with an increasingly accentuated multimedia favored by the progressive development of new technologies.

In the second half of the 20th century, environmental consciousness permeated artistic production and became almost the compulsory rudder for artists increasingly involved in promoting a necessary new human approach to the planet.

We will leave aside here the analysis of the many facets of so-called environmental art up to the present day, which constitutes an important driver of the more complex phenomenon of sustainable art, especially in terms of the aesthetic-ethical conceptual horizon of the work of art, in an ideal division of aesthetics from ethics, where the former moves towards the latter, in search of the meaning and impact of the artistic product in the social sphere, starting from the processes that preceded it to those that are produced following its existence.

HUMAN BEHAVIOR'S IMPACT ON CONTEMPORARY ART

The sustainability of contemporary art cannot disregard the analysis of the relationship between the environment and human behavior, which is becoming increasingly important especially with the advent of the digital age. This is a field of study of environmental psychology that precisely deals with understanding the behavioral processes of the individual in relation to the surrounding environment, understood not only as a physical, natural, or built context, but also as a social one.

Environmental psychology focuses on the affective qualities of the environment, in terms of its support for the human being to achieve his or her goals, the interaction between the individual's actions in the environment and the information offered by the environment, the processes of acquiring and using spatial knowledge in everyday life, environmental stress, and behavior relating to personal space, territoriality and privacy.

The paradigms that explain the human-environment relationship can be summarized as follows:

- 1) the 'adaptation' paradigm, which identifies physical and psychological survival as the constitutive purpose of human behavior in the environment;
- 2) the paradigm of the environment understood as a 'structure of opportunities' for goal-directed actions, which assumes that the individual's biological responses are of less importance than the central role of his rational plans, which lead him to make choices among all the behavioral opportunities offered by the environment, in the presence of certain physical and social constraints;
- 3) the 'sociocultural' paradigm, which sees the person as a social agent who is the protagonist of a series of interrelationships; it assumes that the survival of the group in turn acquires an evolutionary value in relation to the environment.

SUSTAINABILITY IS ROOTED IN HUMAN ENVIRONMENTAL CONSCIOUSNESS

Intrinsic to the notion of sustainability is the condition of conscious (humanly attentive and managed) use of a natural resource, which necessarily implies a responsibility of human action at the local level, in people's everyday living places. Many environmental problems rooted in human behavior can therefore be addressed by trying to understand and change individual daily practices and lifestyles.

The elements that can affect ecological behavior are childhood experience; knowledge and education; personality; perceived behavioral control; values, attitudes, and opinions of various kinds about the world; responsibility and moral commitment; attachment to place; norms and habits; goals; emotions; demographic factors. These are variables that interact with each other to determine a particular individual's behavior.

On the other hand, the so-called ecological behaviors pertain both to the public sphere (donation of sums of money to environmental associations, demonstrations, public petitions in favor of the environment, political voting, and voluntary work in the ecological field)

THE SUSTAINABILITY OF CONTEMPORARY ART CANNOT DISREGARD THE ANALYSIS OF THE RELATIONSHIP BETWEEN THE ENVIRONMENT AND HUMAN BEHAVIOR.

and the private sphere (purchase and final treatment of personal and everyday products capable of having some impact on the environment), and above all to a whole series of cases characterized by 'environmentally' relevant behavior, insofar as it is capable of having a certain impact on the environment, individually adopted in various spheres, including work, public and private organizations.

The environmental unsustainability of human behavior is linked to other types of unsustainability (e.g., economic, social, and cultural).

At the center of the environmentalist psychological reflection is the concept of a sustainable lifestyle, as the result of various decisions and behaviors that, together, are able to determine a certain environmental impact, referring not only to people's actual way of living (the observable aspects), but also to all those symbolic, individual meanings and social interpretations linked to them.

Lifestyle is the result of individuals' choices of how they spend their time, investing their personal and psychological resources

in various activities; it is the set of behaviors adopted as a function of factors, personal, social, and linked to the material structures in which individuals are embedded.

People develop consumption habits associated with their daily activities, giving rise to a particular lifestyle, which in turn is linked to personal values connected to identity and to the definition of the self, understood as a member of certain social groups and as a product of socially shared meanings.

CREATIVITY LEADING TO SUSTAINABLE ART

In the light of these reflections, the concept of sustainable art has an intrinsic dynamic nature and encompasses different perspectives.

First and foremost, there is the perspective of the artist, the creator, who uses technique to achieve the work of art. His creativity is the fruit of his link with the otherworldly Other, be it the divinity (of the Greeks, the Christian God, the god of other religious denominations) or the anonymous engine of an a priori natural harmony; he is a participant in a Beauty that transcends him, for which he seeks to find the best expression in earthly means, so that it becomes his privileged medium. This gives rise to a problem on which philosophy has focused for thousands of years: if the artistic product is the worldly expression of a universal Beauty, can it be 'not good'? Can it induce behavior that diminishes the perfection of Creation? Can it trigger mechanisms of impoverishment of the planet's natural, economic, and social resources, and undermine the lifestyle of future generations? In short, can there be an aesthetics divorced from ethics, or, better, is it possible to think of an aesthetics that does not have ethics in itself?

In this perspective, the development of new technologies plays an increasingly important role. In addition to constantly reshaping creative languages and giving rise to new ones, they subvert the traditional relationship between artist, work of art and observer, transforming the latter from passive receiver of the aesthetic message to actor of artistic

IS THE ARTIST
MERELY A SCRIBE OF
A 'DIVINE' DICTATE,
OR DOES HE RESHAPE
THE IMPULSES
OF CREATIVITY IN
A WORLDLY KEY,
PUTTING HIS OWN
SPIN ON IT...?

production, resulting in a sort of 'open work', as Umberto Eco states.

In this context, if creativity is, as it were, a fluxus (*Fluxus, a loose international group of artists, poets, and musicians whose only shared impulse was to integrate life into art through the use of found events, sounds, and materials, thereby bringing about social and economic change in the art world.*) whose matrix is out of time, how can it give rise to an anti-ethical work? Can a 'beautiful' work of art be unsustainable in itself?

Referring back to the Catholic scheme, creativity is the 'voice' of the Spirit that man can experience, and the Spirit, as the evangelist St. John states, "blows where it will, you can hear its voice, but you know neither where it comes from nor where it goes".

From this perspective, an in-sustainability of art is inadmissible, it is an a priori contradiction, any experience of Beauty makes man participate in the spiritual essence of its existence, which is uncontaminated by any manifestation of worldliness.

However, if it is theoretically inadmissible for creativity to be unsustainable in itself, the question of how such creativity is experienced by the artist, who before being such is simply a human being with his cognitive, volitional, and emotional mechanisms, is different.

Therefore, psychological deviations and all the problems relating to the balanced development of the person take on importance, especially with reference to 'detachments' (read 'bereavements'), such as the death of loved ones or the traumatic interruption of emotional relationships of any kind (abandonment of a place, the end of a friendship, etc.), which are naturally part of the existence of every human being.

Is the artist merely a scribe of a 'divine' dictate, or does he reshape the impulses of creativity in a worldly key, putting his own spin on it, so that the artistic output may ultimately also contradict the dictates of the free fluxus of the 'Spirit' or natural a priori categories?

It is understandable to think that creative impulses are in various ways 'digested' by the artist, who is affected by a sort of innate 'resistance' (to use a term dear to many philosophers) and who therefore operates on the one hand, an activity of their remodulation in a mundane key, where all the declinations of his psychological sphere come into play and, on the other hand, the skills possessed and knowledge acquired (especially with reference to the technique used), whereby the resulting work of art takes on an autonomous connotation, which does not automatically enjoy the 'passepartout' of the original creativity in terms of sustainability.

Contrary to what some claim, according to which the sustainability of a work of art should be assessed a posteriori, as a matter of fact, and not a priori, with reference to the artist's expressive mechanisms, in the writer's opinion, the more or less expressively successful 'sustainable' intent, so to speak, represents a fundamental item of hermeneutic activity. It makes sense, therefore, to sensitize, or rather educate the creator to the problems of sustainability, insofar as he can translate them into expressive terms in his mundane work, without thereby contradicting the

**FLUXUS WAS AN
INTERNATIONAL
COLLECTIVE OF
AVANT-GARDE
EXPERIMENTERS,
FOUNDED IN
THE 1960S BY
LITHUANIAN-
AMERICAN ARTIST
GEORGE MACIUNAS.**

creative dictates, but rather remodeling them in this sense.

Hence, the second perspective of the analysis of sustainable art, namely that concerning the work of art and its aesthetic enjoyment, becomes relevant.

DEFINING ART SUSTAINABILITY

Returning to the general notion of sustainability, as it has evolved especially in recent decades, a work of art can be sustainable in several respects:

- ▶ in itself is a medium of a message of sustainability, beyond the artist's intentions (thus recovering the axiomatic 'good' action of the original creativity) or on the basis of a precise volition to that effect;
- ▶ is produced in a sustainable manner, both in terms of the physical resources used (technical), and in terms of the transmissibility of the output to future generations. In this sense, all issues related to digital art, which is expressed through computer applications (software) that



Source: Adobe-Firefly

are in themselves ephemeral insofar as they are subject to the production and commercial choices of the software houses and the utilization possibilities dictated by the hardware, are relevant;

- ▶ enables sustainable aesthetic enjoyment, considering, in this respect, all types of fruition processes, direct or indirect, with more or less public promotional intermediaries (museums, galleries, etc.).

After analyzing the main aspects of the concept of 'sustainable art', let us now focus on the general concept of sustainability as it has evolved in the third millennium.

The third millennium has seen the implementation of the concept of 'sustainability', in light of the development of digital technologies and doctrinal elaborations of environmental psychology on the subject of conscious human use of natural resources.

**THE THIRD
MILLENNIUM
HAS SEEN THE
IMPLEMENTATION
OF THE CONCEPT
OF 'SUSTAINABILITY',
OR THE CONSCIOUS
HUMAN USE OF
NATURAL
RESOURCES.**



At the EU level:

- ➔ The Gothenburg European Council (June 2001) set targets for integrating environmental issues into the economic and social development strategy defined in Lisbon in 2000.
- ➔ The Sixth Environment Action Program (2002-2012) advocated moving beyond a purely legislative approach to environmental issues and adopting a strategic approach with the aim of influencing the decisions taken by businesses, consumers, policy makers, and citizens.
Its priority areas for strategic action are:
 - improving the implementation of existing legislation,
 - integrating environmental issues into other policies,
 - working with the market,
 - involving citizens by changing their behavior, and
 - taking the environment into account in decisions on land use and management.
- ➔ The Seventh Environment Action Program (until 2020) aims to improve the protection of Europe's natural capital, stimulate low-carbon and resource-efficient growth and innovation, and safeguard the health and well-being of the population, while respecting the Earth's natural limits.
- ➔ The Eighth Environment Action Program (until 2030) aims to accelerate the green transition in a fair and inclusive manner, with the long-term goal for 2050 of "living well within the limits of our planet," as already enshrined in the seventh program.

On September 25, 2015, the UN General Assembly approved the 2030 Agenda for Sustainable Development. It is an action program for people, the planet, and prosperity, consisting of 17 Goals (to be pursued in the environmental, economic, social, and institutional spheres by 2030), which take into account the three dimensions of sustainable development—economic, social,

and ecological—in a balanced manner – with the aim of ending poverty, fighting inequality, tackling climate change, and building peaceful societies that respect human rights.

The 2030 Agenda brings with it a major innovation: for the first time, it clearly states that the current model of development is unsustainable, not only in environmental terms, but also in economic and social terms, thus definitively overcoming the idea that sustainability is solely an environmental issue and affirming an integrated vision of the different dimensions of development.

The 2030 Agenda is based on five key concepts (the five "Ps" of sustainable development):

- **People**—End hunger and poverty in all its forms, ensure dignity and equality.
- **Prosperity**—Ensure prosperous and fulfilling lives in harmony with nature.
- **Peace**—Promote peaceful, just, and inclusive societies.
- **Partnership**—Implement the Agenda through strong partnerships.
- **Planet**—Protect the planet's natural resources and climate for future generations.

**ART AND CULTURE
PROFOUNDLY
INFLUENCE OUR
COLLECTIVE
CONSCIOUSNESS,
FOSTERING
EMPATHY, MUTUAL
UNDERSTANDING,
AND SOCIAL
COHESION.**

ART AND CULTURE SHAPING THE OVERALL EVOLUTION OF OUR SOCIETY

Art and culture have always played a central role in shaping the evolution of our society. Due to the obvious emergencies of our time, recent sustainability strategies have mainly focused on protecting the environment and combating climate change, leaving little room for in-depth study, with comprehensive research, facts, and figures, of the transformative potential of art and cultural initiatives for sustainable development.

This transformative potential has a positive impact on diversity, inclusion, quality education, mental and physical well-being, social engagement, work-life balance, gender equality, poverty reduction, and responsibility.

Art and culture profoundly influence our collective consciousness, fostering empathy, mutual understanding, and social cohesion.

Not only do they explore and celebrate our past, but they also challenge the present and encourage us to imagine a better future. Art and culture can act as catalysts for social sustainability, contributing to the creation of a fair, vibrant, and resilient society. They offer

an incredible platform for dialogue and the cultivation of shared identities.

Furthermore, for businesses, art collections and the management of cultural initiatives have an impact on consumers' perception of value and are a key factor in brand and corporate identity development.

With regard to assessing the '**contribution of culture to sustainability**', the 22 thematic indicators provided by UNESCO at the end of 2019 in the report "Culture 2030 Indicators" are an important tool.

This is a methodological approach to enhancing the role of CULTURE in achieving the 2030 Agenda Goals, both as a sector of activity in its own right and as a cross-cutting element in all the Targets. In the UN 2030 Agenda, culture is not a goal in itself, but a component underlying all the goals, on the assumption that it is a decisive driver in their pursuit: exposure to cultural elements and the internalization of their values contribute to triggering profound transformative processes in individual thought and action, in accordance with the principles of sustainability.

The UNESCO indicators are both quantitative and qualitative in nature and relate to specific targets of 14 Sustainable Development Goals out of a total of 17 SDGs.

The Goals considered are:

2. Zero Hunger
4. Quality Education
5. Gender Equality
6. Clean Water and Sanitation
8. Decent Work and Economic Growth
9. Industry, Innovation, and Infrastructure
10. Reduced Inequalities
11. Sustainable Cities and Communities
12. Responsible Consumption and Production
13. Climate Action
14. Life Below Water
15. Life on Land
16. Peace, Justice, and Strong Institutions
17. Partnerships for the Goals

ART AND CULTURE
CAN ACT AS
CATALYSTS
FOR SOCIAL
SUSTAINABILITY,
CONTRIBUTING
TO THE CREATION
OF A FAIR, VIBRANT,
AND RESILIENT
SOCIETY.

**Forum
SustART
Sustainable
ART**

**Direttore Artistico e Scientifico:
Marco Eugenio Di Giandomenico**

Relazioni Pubbliche:
Antonella Stifani

Interventi istituzionali:
on. Paolo Barelli
(Presidente Gruppo FI
Camera dei Deputati)
on. Francesco Battistoni
(Segretario dell'Ufficio di Presidenza
Camera dei Deputati)
on. Mauro D'Attis
(Membro della V Commissione Bilancio
Camera dei Deputati)
sen. Roberto Marti
(Presidente 7ª Comm. Senato della Repubblica -
Cultura e Patrimonio Culturale, Istruz. Pubblica)
on. Lorenzo Cesa
(Presidente della Delegaz. Italiana
presso l'Assemblea Parlamentare della NATO)
sen. Antonio Saccone
(Presidente di Cinecittà Holding)

Nell'occasione è esposta
una Opera d'Arte di
MARIA CRISTINA CARLINI

**Mercoledì, 4 marzo 2026
Ore 15:00 - 19:00**

**CAMERA
DEI
DEPUTATI** | **CAMERA DEI DEPUTATI**
Palazzo del Seminario
Sala del Refettorio
Via del Seminario, 76
00186 Roma

PATRONAGE:

Ministero delle Imprese
e del Made in Italy

Antenna 3 Puglia

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CONVENTION OF
INDEPENDENT
FINANCIAL
ADVISORS

CISA
Certum ex incertis

Fondazione
Maria
Cristina
Carlini

FONDAZIONE
ANTONETTA
VIGANONE

Fondazione
Sangregorio
Giancarlo

ALTRA
SOCIETÀ

draft

UNESCO's Culture|2030 Indicators are particularly important in recognizing the role of culture both as an economic sector and as a cross-cutting driver of sustainable development, with an impact on several SDGs within the United Nations 2030 Agenda.

The framework integrates the 2030 Agenda Goals, promoting connections and synergies between the various sustainability goals through cultural initiatives. It also improves understanding and assessment of the enabling role of culture in driving sustainable development, supporting policymakers and stakeholders in effectively leveraging cultural resources to achieve the SDGs.

The above considerations clearly show how art and culture can contribute to improving contemporary society, especially in terms of creating new human awareness.

Only by building human values can we achieve a society that rejects conflict and elects political representatives committed to peace. ■

DISCUSSION:
Coordinamento Scientifico:
Marco Eugenio Di Giandomenico
(Critico d'Arte Contemporanea, Teorico della Sostenibilità dell'Arte e della Cultura)

**Ore 15:30
PANEL I
SUSTAINABILITY & MOVIE**

**PREMIO PROMOZIONE CINEMA 2026
dedicato a Adriano Pintaldi**

PAOLO DEL BROCCO

Con la partecipazione di:
Pupi Avati (Presidente Onorario del Premio)
Marco Eugenio Di Giandomenico (Presidente Giuria Premio)
Stefania Altavilla (Presidente ARCA Siracusa)
Stefania Midolo (artista orafa)

Guido De Angelis
(musicista, produttore cinematografico)
Barbara Bouchet
(attrice)
Fabrizio Maria Cortese
(regista)
James Tumminia
(regista e attore)

**Ore 16:45
PANEL II
SUSTAINABILITY & ART**

Anna Lisa Tota
(Prorettrice Vicaria dell'Università degli Studi Roma Tre)
Markus Krienke
(Direttore della Cattedra Rosmini della Facoltà di Teologia
dell'Università della Svizzera Italiana di Lugano)
Marcello Galeotti
(Presidente del Centro Interaccademico
per le Scienze Attuariali e la Gestione dei Rischi di Firenze)
Convention of Independent Financial Advisors di Ginevra-CH
(Jean-Pierre Diserens - Segretario Generale
Cosima E. Barone - Membro del Consiglio di Fondazione di CIFA
Vania Franceschelli - Ambasciatrice di CIFA per l'EU Bruxelles)
Maria Letizia Giorgetti
(Professore Economia Industriale,
Direttore del master in Business Innovation - UNIMI)
Sara Landini
(Professore Diritto dell'Economia - UNIFA
Membro Collegio Sindacale GENERALI Spa)
Giovanni Musso
(CEO presso Irem Spa - Siracusa)
Eugenia Romanelli
(Giornalista, Cco e founder di ReWorld,
direttrice di Rewriters.it)

Fondazione Antonietta Viganone
(Francesco Fabbiani - Presidente
Domenica D'Elia - Consigliere)
Fondazione Sangregorio Giancarlo
(Francesca Marcellini - Presidente
Andrea Mascetti - Consigliere
Lorella Giudici - Responsabile archivio)

Maria Cristina Carlini
(artista espositrice)

Fabio Vergine
(Sindaco Comune Galatina - LE)
Giovanni Mastrangelo
(Sindaco Comune Gioia del Colle - BA)
Angelo Pomes
(Sindaco Comune Ostuni - BR)
Vincenzo De Giorgi
(Sindaco Comune Copertino - LE)
Laura Palmari
(Vice Sindaco Comune Campi Salentina - LE)

Luigi De Luca
(Coordinatore Poli Biblio-Museali Brindisi-Lecce-Foggia)
Michele Lastilla
(Direttore Rete Antenna PON Puglia)
Pietro Bitetti
(Sindaco Comune Taranto)
Fernando Nazaro
(Delegato Confindustria Turismo Regione Puglia)

ALTRE PERSONALITÀ DEL MONDO DELLE ISTITUZIONI, DELLE IMPRESE,
DELLE PROFESSIONI, DELLA CULTURA E DELL'ARTE

**ART AND CULTURE
CAN CONTRIBUTE
TO IMPROVING
CONTEMPORARY
SOCIETY,
ESPECIALLY
IN TERMS OF
CREATING NEW
HUMAN
AWARENESS.**



**STEVE H.
HANKE**

PROFESSOR, JOHNS
HOPKINS UNIVERSITY

**DAVID M.
WALKER**

FORMER COMPTROLLER
GENERAL OF THE
UNITED STATES

THE NATIONAL DEBT IS OVER 100% OF GDP ... IT'S TIME TO AMEND THE CONSTITUTION

■ INVESTING—GLOBAL ECONOMY

Steve H. Hanke is a Professor of Applied Economics at the Johns Hopkins University and a member of the Board of Directors at the Federal Fiscal Sustainability Foundation. He is the co-editor, with Barry W. Poulson and John Merrifield, of *Public Debt Sustainability: International Perspectives* (Lexington Books, 2022).

David M. Walker is the former Comptroller General of the United States and the Chairman of the Board of Directors at the Federal Fiscal Sustainability Foundation.

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Today, U.S. debt held by the public currently stands at a staggering \$31.68 trillion, a little more than 100% of GDP. According to the nonpartisan Congressional Budget Office (CBO), if Washington continues to embrace its standard operating procedure, that figure is projected to climb to a stunning 175% of GDP over the next 30 years. These debt levels flash red. Centuries of historical evidence show that once public debt exceeds 90% of GDP, economic growth slows and major troubles follow. Before we are engulfed in a financial crisis, don't you think it is time for Washington to defuse the debt bomb?

One can clearly grasp the problem associated with excessive government debt by looking at the interest burden linked to America's current debt level. In Fiscal 2025, 36.5% of individual income taxes collected were used to pay interest on the national debt. So, over a third of Americans' individual income tax dollars were siphoned away and not used for the provision of government goods, services, and transfer payments. If that's not bad enough, current

taxpayers are shelling out a big slice of their taxes to service debt taken on in the past to finance government spending in years gone by, years in which some current taxpayers weren't of voting age or might not have even been born yet. But this isn't the end of the story. The CBO projects that by 2036 an estimated 50.6% of Americans' individual income tax dollars will be devoted solely to servicing the government's debt.

In the past, Washington has attempted to rein in deficit spending and the accumulation of debt. Indeed, Congress periodically engages in a debt ceiling charade, which wastes a lot of time and energy and limits nothing. In addition, there have been more serious attempts at statutory restraints: the Budget Enforcement Act of 1990 and its Pay-As-You-Go (PAYGO) rule, the Budget Control Act of 2011, and, most notably, the Gramm-Rudman-Hollings Balanced Budget and Emergency Deficit Control Act of 1985. Each attempt at statutory control has failed. For example, Gramm-Rudman-Hollings, perhaps the most serious attempt to eliminate fiscal follies,



promised to gradually reduce federal deficits until 1991, when a balanced budget would be achieved. However, in 1987, Congress postponed the implementation of Gramm-Rudman-Hollings for two years and, in 1990, abandoned it entirely.

With Congress proving time and again that it is incapable of exercising fiscal control, what can be done? As it turns out, the Founders provided an option. Article V of the U.S. Constitution lays out the pathway to a fiscal responsibility amendment.

By the way, back in 1979, 39 states filed active applications for a Constitutional convention that would be limited to proposing a fiscal responsibility amendment: a fact fully documented by the Federal Fiscal Sustainability Foundation in September 2025. As of 1979, federal debt held by the public was \$640 billion, only 2% of the current level. Under Article V, Congress “shall call” a convention to consider one or more amendments if two-thirds (34) of the states file applications. Congress’s obligation to call a convention under Article V is non-discretionary. Yet, not wanting to face the possibility of having its fiscal hands tied, Congress has failed to act on its express Constitutional obligation.

Facing a looming debt crisis, serious voices have called for consideration of a Constitutional amendment. For example,

at an American Enterprise Institute (AEI) forum on June 3, current and former policymakers, leading economists, and fiscal reform advocates, including Florida Governor Ron DeSantis, House Budget Committee Chairman Jodey Arrington, former Senator Max Baucus of Montana, Senator Steve Daines of Montana, former Ohio Governor John Kasich, former Senator Joe Manchin of West Virginia, former New Hampshire Governor Christopher T. Sununu, and this column’s co-author David Walker, came together to discuss how to rein in America’s national debt once and for all.

Just what might a fiscal responsibility amendment look like? We believe an amendment that caps debt as a percent of GDP is the best path forward. The language for such an amendment might read along the following lines:

“*Federal debt held by the public shall not exceed 110% of gross domestic product (GDP) as reported by the Treasury Department, absent a formal Declaration of War in accordance with the provisions of this Constitution.*

**WITH CONGRESS
PROVING TIME AND
AGAIN THAT IT
IS INCAPABLE OF
EXERCISING FISCAL
CONTROL, WHAT CAN
BE DONE?**



Source: Adobe-Stock

Effective no later than the end of Fiscal 2040, federal debt held by the public shall not exceed 90% of GDP absent a formal Declaration of War in accordance with the provisions of this Constitution or due to an unexpected and temporary national emergency with a two-thirds

vote by both houses of the Congress and the concurrence of the President. Any waiver votes under this amendment must occur for each fiscal year the limit would otherwise be violated. Congress shall enact legislation to operationalize these requirements within a year of ratification of this Amendment. The legislative provision must include gradual and continual reductions in federal debt held by the public as a percent of GDP between the date of enactment and Fiscal 2040 with automatic enforcement mechanisms. Any member of the Senate or House who is in office in a year that this Amendment is not fully complied with shall not be eligible for re-election.”

Before our fiscal time bomb explodes, it is time to convene a limited Constitutional convention dedicated to crafting a fiscal responsibility amendment to the U.S. Constitution. Since a majority of current active state Article V applications (28) are limited to fiscal responsibility, only a limited convention can be assured. The pieces are in place. The time for action is now. ■

**AS IT TURNS OUT,
THE FOUNDERS
PROVIDED AN OPTION.
ARTICLE V OF THE
U.S. CONSTITUTION
LAYS OUT THE
PATHWAY TO
A FISCAL
RESPONSIBILITY
AMENDMENT.**

About this book

The Global Financial Crisis broke the monetary system. Here's how to fix it.

In *Making Money Work: How to Rewrite the Rules of Our Financial System*, Matt Sekerke and Steve H. Hanke deliver a rigorous and fascinating exploration of the monetary economy. You'll find a detailed and clear roadmap of how and why fiat money is created and destroyed, its connections to the broader economy, and the objective mechanisms that underwrite and maintain its value.

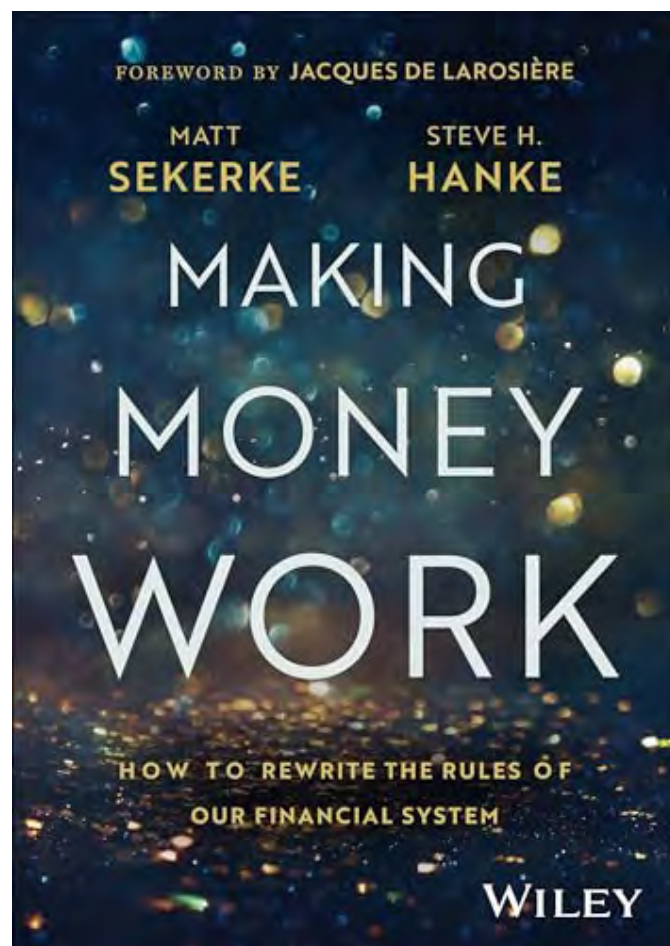
In their exploration, *Sekerke and Hanke* solve many problems and puzzles and shed light on several important questions:

- Why economists misunderstand the structure and function of the monetary system
- The central role of the commercial banking system in fiat money regimes, and why commercial banks are not like other financial intermediaries
- The economic and regulatory constraints on bank money creation
- The interplay between banking and capital markets in funding investment projects
- How the “banks” that dominate the international financial landscape distort the lines between banking and capital markets business
- Why banking regulation and fiscal policy determine and constrain monetary policy to an equal or greater extent than central bank actions.

Sekerke and Hanke trace important post-crisis policy developments and sketch the broad strokes of a new operating model that would restore the performance of the monetary system and make better use of aggregate savings:

- Making neutrality the explicit goal of monetary policy, properly understood
- Increasing the supply of bankable projects and keeping them on bank balance sheets
- Breaking the financial system's fatal attraction to land and real estate
- Reducing regulatory distortions in lending markets
- Reforming universal banking institutions and stimulating competition
- Transitioning to a quantity-based monetary policy framework.

An engaging and incisive guide to the global systems of money and banking, *Making Money*



Work is destined to become a sought-after classic for bankers, finance professionals, policymakers, regulators, academics, and laypeople with an interest in money and banking.

About the Authors

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STEVE H. HANKE is a Professor of Applied Economics and Founder and Co-Director of the Institute for Applied Economics, Global Health, and the Study of Business Enterprise at the Johns Hopkins University. Hanke has served as an advisor to governments and heads of state in Europe, South America, and Asia. Currently, he serves as Chairman of the Supervisory Board of AMG Critical Materials in Amsterdam. He is the co-author of *Capital, Interest, and Waiting* (Palgrave Macmillan, 2024) with Leland B. Yeager.



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HEALTH, AND THE
STUDY OF BUSINESS
ENTERPRISE

KEVIN WARSH JUST REVEALED A HUGE CHANGE FOR THE FED. THE PRESS MISSED IT.

■ INVESTING—GLOBAL ECONOMY

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Federal Reserve Chair Kevin Warsh has revealed himself. If not a card-carrying monetarist, he is at least a camp follower. This represents a dramatic change at the Fed, where the past Chairman Jerome Powell repeatedly rejected the basic tenets of monetarism.

This is a welcomed earthquake. After all, there are almost no monetarists left in the world (except for us, and we've been fighting a lonely rearguard action for over 40 years). The Federal Reserve has rejected monetarism consistently — and on the record — because it preferred other models for understanding the economy. In academia, monetarism has been out of fashion for decades. But by his own words, a monetarist is now leading the central bank.

Just what is monetarism? It's a doctrine which holds that money has a major influence on both the level of asset prices, economic activity, and the price level. Any discussion of national income determination must, therefore, center

on the quantity of money and the banking system, since banks produce most of the money in modern economies. When it comes to monetary policy, its objectives are best met by targeting the rate of growth of the money supply.

Today, most economists pooh-pooh monetarism. Money and banking are nowhere to be found in their macroeconomic models, or their discourses about the course of asset prices, economic activity, and prices. Indeed, their forecasting exercises are typically based on elaborations of Keynesian income-expenditure models that exclude money and banking.

If that's not enough, we think that the Fed's backroom staff, [mostly Keynesian-leaning Democrats](#), don't want alignment with a philosophy usually affiliated with Milton Friedman, but that's another story. Just look at what Joe Biden said in 2020 about how the [dean of monetarism](#) wasn't "[running the show anymore](#)."



Federal Reserve Chair Kevin Warsh speaks during a news conference following Federal Open Market Committee meetings at Federal Reserve Headquarters on September 16, 2026 in Washington, DC. Andrew Harnik/Getty Images

This, of course, is why today's mainstream economists failed to anticipate the post-COVID burst of inflation in the U.S. and elsewhere. It is also why, during the then-evolving Great Financial Crisis, Queen Elizabeth, on a November 2008 visit to the London School of Economics, asked, "Why did nobody notice it?"

Well, it turns out that a tiny band of monetarists, including ourselves and Tim Congdon, did notice the Great Financial Crisis. We also anticipated the post-COVID surge in inflation. Never mind. What about Chairman Warsh?

Kevin Warsh has not swallowed the economic profession's entrenched non-monetary ways of thinking. Like a jack in the box, Warsh has sprung out as a monetarist. Warsh first let the cat out of the bag in August at the Fed's Jackson Hole Symposium, when he enunciated a set of principles that included the idea that changes in the money supply had something to do with economic activity and inflation.

On September 16, during his post-Federal Open Market Committee (FOMC) press conference, Warsh further elaborated.

First, Warsh used the language that monetarists like to use about individual

price changes and inflation. Higher energy prices or food prices do not "cause" inflation. Indeed, Warsh said the Fed cannot address any individual prices, like those for food and energy, but that the Fed can ensure that those relative price changes do not have second and third order effects. In other words, the Fed is responsible for **overall** price changes, not **relative** price changes.

As monetarists, we would go a step further. Unless there has already been excess money growth over the preceding year or so, **relative** price changes cannot translate into sustained changes in the overall price level. For this reason, we tend to discount the validity of discussions about second or third round effects.

Second, when asked about how the Fed's rate hike would affect lower income groups in the US, Chairman Warsh said the Fed does not deal in questions of distribution. The Fed looks at aggregates like the labor market, GDP, total spending, and overall inflation. Having said that, he conceded that the lowest income classes — those without financial assets and those who tend

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to live from paycheck to paycheck — would benefit most from stable prices. That was a monetarist response.

Third, when asked if the most recent CPI data had influenced the Fed's decision to raise rates, he said that was not the case. "Datapoints are noisy", he argued. What mattered was the trend, and the trend of inflation was still too high.

Warsh's response accords precisely with the monetarist view that short-term forecasts of inflation are simply not feasible. There is too much noise in the data. Monetarist analysis can provide a range or channel for price levels (or inflation) over a 1- to 3-year horizon, but not a month-to-month forecast.

Fourth, when asked about the level of the Federal Funds rate relative to its "neutral" rate (or r^*), Warsh replied that as a student of economics he had studied the neutral rate, or what is called the Wicksellian real rate, after Swedish economist Knut Wicksell. The concept, he declared, was of academic interest but had no bearing on the Fed's practical decision-making.



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Again, this comports with monetarist views on interest rates. Administered rates such as the fed funds rate and short-term market interest rates can be both a driver of *future* money growth and a consequence of *prior* monetary growth. For example, if the money growth rate doubles, the first effect is lower rates, but then, as the economy recovers, the demand for credit increases and inflation rises, the second effect is an increase in rates. This is exactly what happened during and after the COVID pandemic.

Because changes in broad money growth have this two-stage effect on interest rates, it makes no sense to rely on a Wicksellian framework of equilibrium or neutral interest rates. The Quantity Theory of Money, however, provides a fairly precise guide to



Source: Adobe-Stock

6-8% has clearly been too high. To hit the Fed's target rate of inflation of 2% the rate of growth in the money supply needs to be reduced to around 6%.

After a shaky start with his first two press conferences, Chairman Warsh is clearly gaining confidence as he starts to articulate a framework that is consistent with monetarism. It promises to be a seismic shift for the Fed. ■

the appropriate rate of money growth for an economy. It is therefore always better to rely on the rate of broad money growth as a better guide to the stance of monetary policy than on the abstract, non-measurable concept of an equilibrium interest rate.

On at least two occasions during Warsh's September 16 press conference, he said that he would have been hard-pressed in recent months to describe financial conditions as restrictive. Judging the level of interest rates against an unobservable "neutral" rate would clearly have been challenging. Instead, although he did not say so, the rather high rate of broad money growth over the past 6-9 months would have provided a clearer metric on the state of monetary and financial conditions: the rate of broad money growth in the range

**THE QUANTITY
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DANIEL J. MITCHELL

FOUNDER AND
CHAIRMAN OF
THE CENTER FOR
FREEDOM AND
PROSPERITY

THE SENSIBLE SWISS STRIKE AGAIN, OVERWHELMINGLY REJECTING CLASS WARFARE

■ INVESTING—TAX CORNER

Dan Mitchell is Chairman of the Center for Freedom and Prosperity, a pro-market public policy organization he founded in 2000. His major research interests include tax reform, international tax competition, the economic burden of government spending, and other fiscal policy issues.

This article was first published in his International Liberty, Restraining Government in America and Around the World blog, on December 1, 2025.

Congratulations to Switzerland, the “[improbable success](#)” that [is home](#) to the [world’s most sensible voters](#).

The left put a referendum on the ballot to impose a national death tax and the people of Switzerland [overwhelmingly voted against](#) the class warfare initiative.

Every single canton in every single region voted no. More than 90 percent of voters said no in the best cantons (Schwyz and Appenzell Inner Rhoden), while the margin was 2-1 against in the worst canton (Basel City).

The *Wall Street Journal* [editorialized](#) in favor of the outcome.

Here are some excerpts:

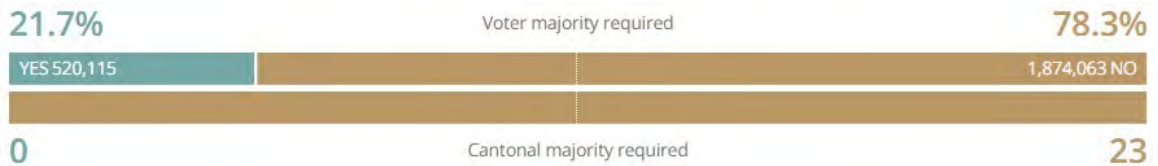
“ The right-left wave of hate-the-rich politics that is riding high in the West hit an iceberg on Sunday in Switzerland. Some 78% of voters rejected a 50% inheritance tax on the country’s wealthiest residents.

...a majority of Swiss voters in every canton opposed the referendum sponsored by a group known as the Young Socialists.

...The sponsors pitched the tax as hitting only some

The Swiss Don’t Hate the Rich

2,500 people in the country, or the top 0.03% of the population. They also said the money would be used to fight climate change, which is popular in Europe. But voters across the Continent are figuring out that climate money merely goes toward ideas that do little for the climate. Many of the richest Swiss taxpayers vowed to emigrate if the referendum passed. Switzerland has prospered over many decades as a refuge for the wealthy looking to escape punitive taxation. ...Various forms of wealth tax are gaining support in France and such progressive American states as California. The Swiss public has offered voters in those places a lesson in economic common sense.”



And the *Washington Post*, now with more sensible leadership, also [opined](#) that Swiss voters made the right choice:

“ So much bad economic policy comes out of

Swiss wealth tax wisdom

Europe that it's notable when a good decision gets made somewhere on the continent. That's what Swiss voters did Sunday when they robustly rejected a proposed inheritance tax. ...The Young Socialists party that proposed the new law says the money would be used to fight climate change. Yet it was so resoundingly rejected that it may deter others on the continent from following suit. ...the electorate made a rational decision to keep what helps make the country so wealthy: a stable and predictable business climate with relatively low taxes. The Swiss understood that taking that away would hurt even those without huge inheritances. ”

CONGRATULATIONS
TO SWITZERLAND,
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Both editorials are correct.

Any sort of [death tax](#) or [wealth tax](#) is bad news. Such levies are double taxation and would hurt workers by reducing [investment](#) and [productivity](#).

The people of Switzerland are smart enough to understand the issue. I hope Americans are similarly astute.

P.S. There's a long tradition of good votes in Switzerland:

- In 2001, the people of Switzerland [voted by a 5-1 margin](#) in favor of a spending cap.
- In 2010, nearly 60 percent of the electorate [rejected a class-warfare income tax proposal](#).
- In 2014, Swiss voters [overwhelmingly killed](#) a minimum-wage mandate.
- Also in 2014, the voters of Switzerland [rejected single-payer healthcare](#) by a landslide margin.

- And in 2015, more than 70 percent of voters [rejected](#) a federal death tax.
- In 2016, there was a [landslide vote against](#) a scheme to provide universal basic income.
- In 2021, there was another landslide vote, this time [against double taxation](#).
- In 2023, voters in Geneva [rejected a wealth tax](#).

P.P.S. I can't resist sharing some passages from an article in the U.K.-based Times about the economically illiterate student who launched the referendum:

“ Thanks to its low taxes and safe, stable environment, Switzerland has long been a haven for the world's wealthy... Their Alpine idyll has come under threat, however, from a 26-year-old student

who has emerged as the face of a

The student who wants to tax the Swiss super-rich

proposal to impose a 50 per cent tax on the inheritances of the super-rich. ...Mirjam Hostetmann, the head of the youth wing of the Socialist Party, which initiated the vote, has been thrust into the middle of the debate, receiving hate mail and even death threats. ...A native of Obwalden, one of Switzerland's most rural and conservative cantons, Hostetmann has been unpleasantly surprised by the response she has received, including serious threats, not just online but also in letters delivered to her parents' home. "I wouldn't have thought at the beginning that people would get so emotional about taxes," she said. ...Since the Young Socialists began gathering the 100,000 signatures needed to bring about a national referendum in Switzerland, their opponents have been fighting back. ... Instagram and TikTok videos...have

ANY SORT OF DEATH TAX OR WEALTH TAX IS BAD NEWS. SUCH LEVIES ARE DOUBLE TAXATION AND WOULD HURT WORKERS BY REDUCING INVESTMENT AND PRODUCTIVITY.



Source: Adobe-Stock

been produced for the Free Democratic Party by Elisa Strebel, a 21-year-old economics student and influencer, which have attracted more than 1.5 million views. “The wealthiest 1 per cent of our population already pay the majority of our taxes,” she told me. “Punishing them again would be counterproductive.”

Thankfully, Swiss voters voted with [Ms. Strebel](#) over [Ms. Hostelmann](#).

And I can’t resist noting that nearly 87 percent of voters in Ms. Hostelmann’s canton rejected her [class-warfare](#) initiative.

P.P.S. No wonder some people in Sardinia [want to leave Italy and join Switzerland](#). Though maybe in the future they’ll want to join [Argentina](#) instead. ■

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THE PRO-GROWTH IMPACT OF DEREGULATION

EVERY ECONOMIC THEORY
AGREES THAT LESS
INVESTMENT MEANS LESS
PROSPERITY

■ INVESTING—TAX CORNER

Dan Mitchell is Chairman of the Center for Freedom and Prosperity, a pro-market public policy organization he founded in 2000. His major research interests include tax reform, international tax competition, the economic burden of government spending, and other fiscal policy issues.

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Regulation adds “[clutter](#)” to an economy, sort of akin to creating [an obstacle course](#) that workers and businesses have to navigate in order to be productive.

In other words, red tape makes it harder to be [profitable](#). And that reduces incentives to invest.

And every economic theory agrees that [less investment](#) means [less prosperity](#). That’s [true in the United States](#) and it’s also [true around the world](#).

Today’s column will look at how deregulation could reverse some of the damage from red tape.

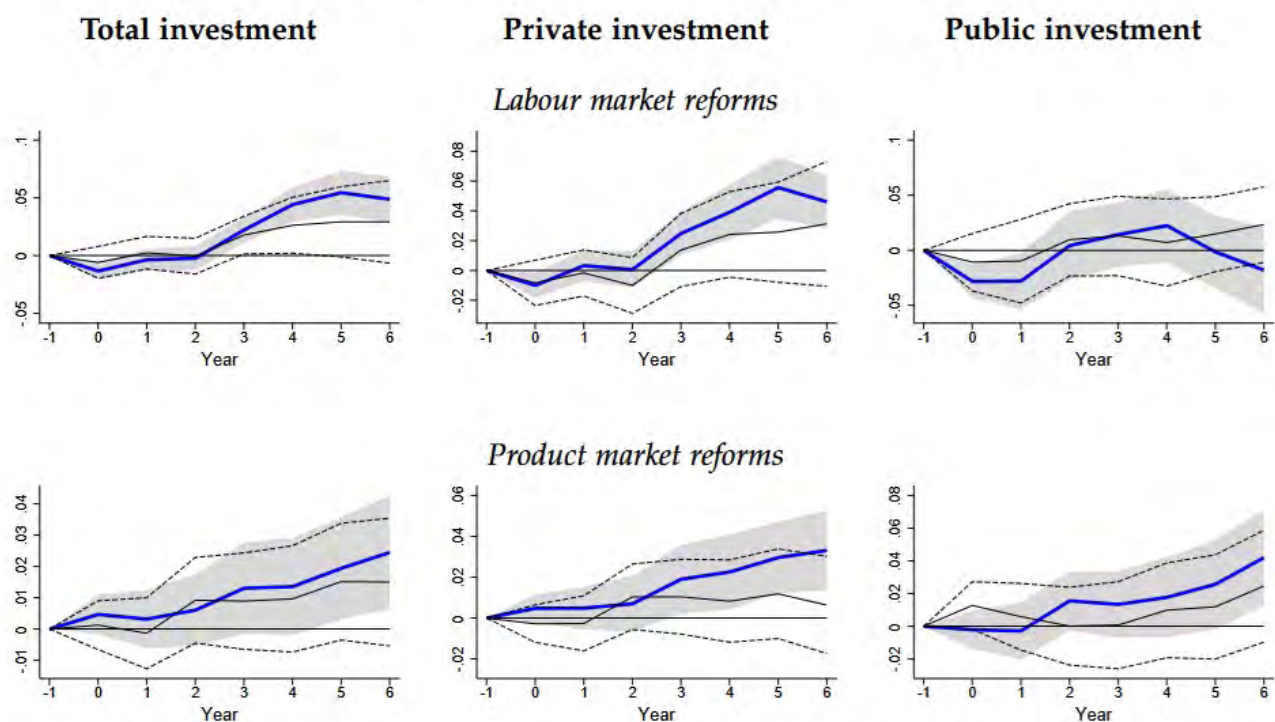
Here’s a chart (top/on next page) from a [new study](#) from the European Central Bank. It shows that labor market reforms and product market reforms in recent decades have boosted investment.

The authors, Christos Mavrogiannis, Nico Zorell, and Christoph Zwick, explain their methodology and findings:

“ Using data from 26 OECD countries over the period 1975 to 2020 and state-of-the-art empirical methods, we analyse how major labour and product market reforms affect private investment over time. Our findings indicate that both labour and product market reforms can significantly boost private investment. A major labour market reform typically increases the level of real private investment by 5% cumulatively within six years, while a major product market reform yields an impact of 3%. Product market reforms thus tend to have smaller positive effects, possibly because they are often focused on specific network industries while labour market reforms are more likely to affect the wider economy. For both types of reform the benefits build up gradually and take around three years to become statistically significant. ...These results carry important policy implications. ...our estimates underscore the potential of well-designed labour and product market

Can structural reforms unleash private investment?

Figure 4: Impact of structural reforms on investment (baseline results)



Note: The black solid lines show the impact of structural reforms on log real investment estimated using local projections. The black dashed lines represent the corresponding 90% confidence interval based on Driscoll-Kraay standard errors. The blue line shows the average treatment effect (ATE) of structural reforms estimated using the LP-AIPW method. The shaded area indicates the corresponding 90% confidence interval based on bootstrap standard errors with 500 repetitions. Year zero marks the start of reform implementation (treatment).

reforms to revive private investment and enhance long-term growth prospects in advanced economies. ”

The previous excerpts explain the economic benefits of deregulation and are a good follow-up to [another ECB study from 2018](#).

If you want to understand why, here are some passages explaining why economies produce more without excessive red tap:

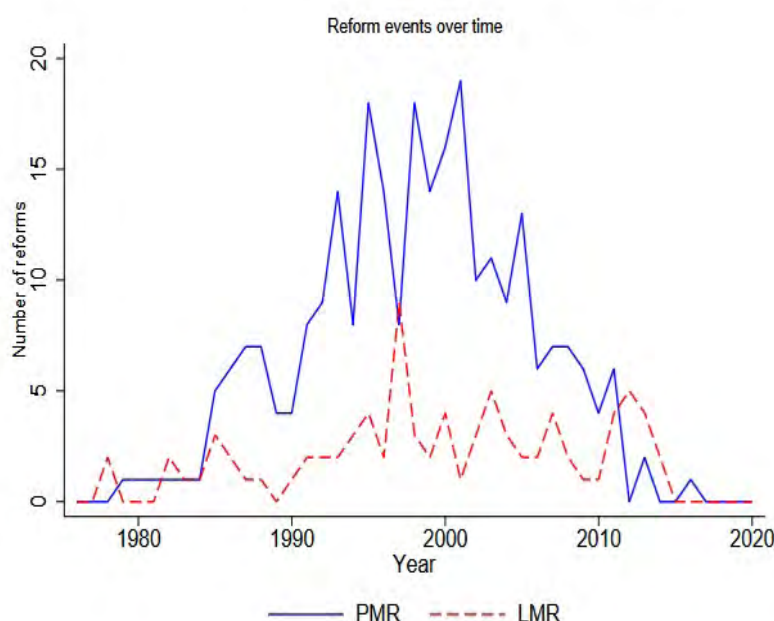
“ Economic theory provides different channels through which structural reforms may stimulate private investment. Product market reforms, for instance, can encourage investment by lowering entry barriers, reducing markups and decreasing administrative costs associated with firm entry and expansion.... This is because in less competitive markets, firms may limit investment

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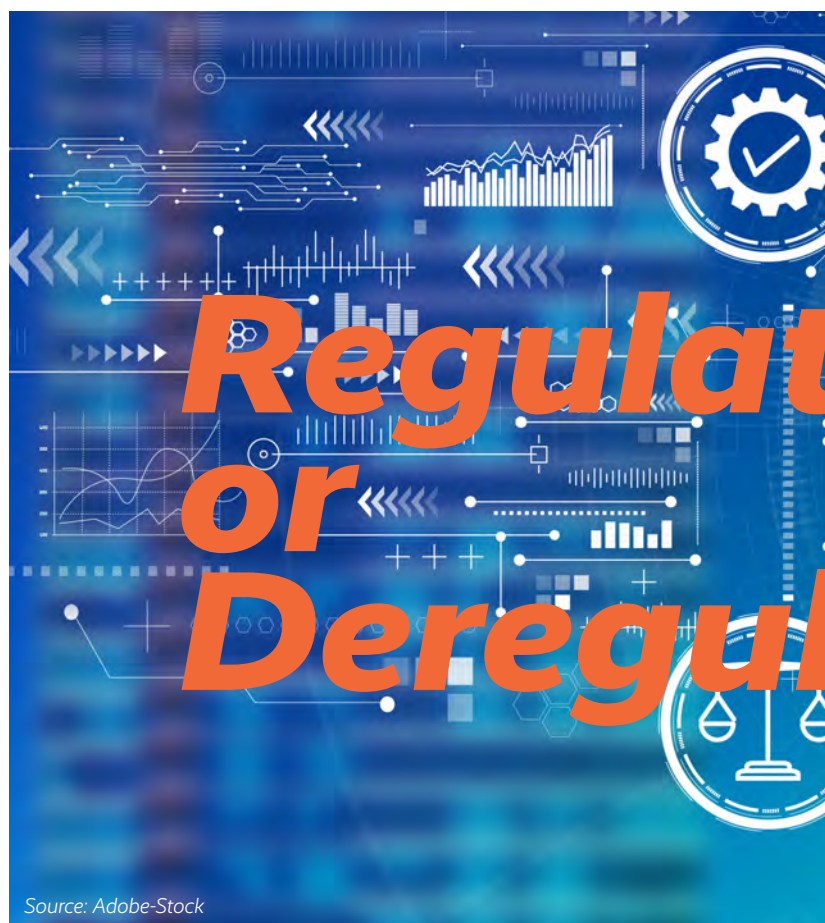
in additional capacity in order to preserve monopoly rents on existing production. Moreover, barriers to entry and expansion may discourage investment and firm creation, while stronger competition may encourage incumbent firms—particularly those close to the technological frontier—to invest and innovate in order to maintain their competitive advantage... Labour market reforms may likewise support investment by reducing labour adjustment costs and increasing wage flexibility, thereby lowering the expected costs and risks associated with expanding production capacity. More broadly, labour market institutions can influence human capital accumulation, technological adoption and the reallocation of resources across firms, all of which can raise the marginal product of capital and thus encourage investment. ”

Here's an interesting chart (at least to me) showing the pace of deregulation in recent decades.

Figure 2: Major structural reforms by policy area



...COUNTER REFORMS ARE INDEED ESTIMATED TO HAVE A NEGATIVE IMPACT ON PRIVATE AND TOTAL INVESTMENT OVER LONGER HORIZONS...



Product market deregulation was especially prevalent during the era of “the [Washington Consensus](#).”

The results are thus consistent with our baseline estimation for major structural reforms. ”

By the way, there also were examples in the dataset of added regulation.

In other words, unfettered markets are [a very important ingredient](#) in [the recipe](#) for growth and prosperity. ■

The authors also studied what happened when politicians expanded red tape.

“ *The narrative dataset used in this paper allows us to examine the plausibility of our baseline results by looking at the impact of counter reforms, i.e. episodes in which major structural reforms were rolled back. Intuitively, the impulse responses of counter reforms should be a mirror image of our baseline results. ...counter reforms are indeed estimated to have a negative impact on private and total investment over longer horizons in contrast with the positive effects obtained in the deregulation case. ...*



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■ THE LIFE OF ASSOCIATIONS

THE ITALIAN MODEL OF FINANCIAL ADVICE: FROM MARKET CREATION TO AN INFRASTRUCTURE OF TRUST

I. BUILDING THE MARKET AND THE PROFESSION

Over the past fifty years, the financial advisor profession—which developed in practice even before receiving formal legal recognition—has made a significant contribution to the development of Italy’s modern savings and investment market. Its evolution has been intertwined with the transformation of the national financial system, with financial advisors becoming the link between citizens, intermediaries, institutions and markets.

The Italian model has gradually taken shape through the integration of four fundamental components: professional initiative, professional associations, public regulation and the constitutional protection of savings. This has produced a comprehensive system of responsibilities and safeguards centred on the citizen, involving a professional entered

in a register, an intermediary responsible for that professional’s activities, a supervisory body and a representative association engaged in dialogue with institutions.

The establishment of the professional register is one of the most significant outcomes of this process. It serves a dual purpose: to strengthen the protection of savers through entry requirements, rules of conduct and oversight, and to recognise the profession’s distinctive nature and qualifications. The framework governing financial advice is therefore not merely a means of regulating the market, but part of a broader system of trust designed to reconcile the development of financial intermediation with the protection of citizens’ interests.

The evolution of regulation and professional identity

The first financial advisors helped to establish Italy's asset management market at a time when financial literacy was still limited, and household wealth was concentrated mainly in bank deposits, government bonds and property.

The founding of Anasf, the Italian association of financial advisors, in 1977 marked the beginning of a collective effort to establish the profession's identity, rules and public recognition.

In 1981, Anasf adopted the sector's first Code of Conduct. In 1983, the enactment of legislation on mutual investment funds gave the sector its first major regulatory impetus, encouraging the evolution of savings management in Italy and fueling the first substantial increase in the number of financial advisors. In 1988, partly in response to the previous year's market crisis and the portrayal that unfairly held financial advisors solely responsible for savers' losses, Anasf established a private self-regulatory register of financial promoters, which attracted half of the practitioners then active.

In 1991, Article 5 of the law on securities investment firms (SIMs) established the public register administered by Consob, the Italian securities and markets regulator. This was an outcome that Anasf had strongly advocated, guided by a principle that remains central today: protecting savers and enhancing professional standards through shared rules and requirements.

In 1999, Anasf joined FECIF, the European federation representing financial advisors and intermediaries, and adopted the Self-Regulatory Code of Ethics for Financial Promoters. The code set out rules of conduct governing relations with savers, colleagues within their own or other networks, the firms they represented and public institutions.

In 2007, APF, the body responsible for maintaining the register of financial promoters, was established, marking a further step towards the profession's autonomy and institutional consolidation.

In 2016, the designation "financial promoter" was replaced by law with "financial advisor authorised to offer financial products and services outside the firm's premises" (*consulente finanziario abilitato all'offerta fuori sede*). This change also gave formal expression, in the terminology itself, to the shift from an activity primarily associated with product distribution to a profession founded on advice, planning and a focus on the individual.

In 2018, the unified register of financial advisors became fully operational. It is maintained by OCF, the body responsible for supervising financial advisors and maintaining their unified register, which also assumed the supervisory functions previously exercised by Consob.

**THE ITALIAN MODEL:
PROFESSIONAL
INITIATIVE,
PROFESSIONAL
ASSOCIATIONS,
PUBLIC REGULATION
AND CONSTITUTIONAL
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**CONSULENTIA,
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“AGORA OF ITALIAN
FINANCE”.**

Consulentia as a symbol of the profession's evolution

Launched in 2014 as a meeting place for professionals, intermediaries, asset management firms, institutions and the media, Consulentia has gradually established itself as a true “agora of Italian finance”. Organised annually by Anasf, the event is now a key fixture for the sector: a forum for interpreting changes in the markets, exploring issues relating to savings and investment, and reflecting on the evolution of the profession.

The growth of Consulentia also reflects the development of the profession.





From 1,600 participants at its inaugural edition, the event reached more than 3,500 attendees and around 100,000 streaming connections at Consuentia26. These figures demonstrate both the event's growing prominence and Anasf's ability to build a lasting forum for dialogue among the different participants in the financial system.

In this sense, Consuentia both accompanies and embodies the evolution of the profession and the growing role of financial advice in society. Stronger expertise, a commitment to protecting savers and the profession's ability to anticipate regulatory changes, including through self-regulation, have helped to strengthen public trust in advisors and, more broadly, in the financial market.



**CONNECTS FOUR
PILLARS OF
SOCIETY:
PROFESSIONALS,
CITIZENS,
BUSINESSES AND
INSTITUTIONS.**

ANASF'S STRATEGY: OVERCOMING FRAGMENTED REPRESENTATION, CONNECTING THE FINANCIAL SYSTEM TO REAL ECONOMIC GROWTH & SOCIAL COHESION.

II. THE ITALIAN MODEL

Distinctive features

Proximity—Financial advisors work in local communities, meeting families and businesses and observing the country's economic and social evolution first-hand. This extensive local presence enables them to connect market developments with people's practical needs, translating complex phenomena into decisions consistent with their plans.

Responsibility—Financial advisors operate within a regulated and supervised system founded on the responsibility of both the professional and the intermediary for which they work. Alongside their professional duties, they have a public and social responsibility: to protect savings, make financial complexity understandable and support citizens' life plans. Being responsible also means putting expertise, representation and relationships at the service of the common good, recognising that every financial decision has individual, economic and social consequences.

Supervision and professionalism—Entry to the profession requires registration and verification of the requirements laid down by law. Supervision, the updating

of professional knowledge and continuing education are essential safeguards for both the protection of savers and the quality of advice. In 2025, OCF reported a significant decline in the most serious breaches, confirming the gradual strengthening of standards of professional conduct.

A relationship of trust—Technology expands the scope of the service, but it does not replace the human capacity to listen, interpret and provide support. As OCF President Mauro Maria Marino recently observed, the quality of the advisory relationship goes beyond compliance with regulatory obligations: it lies in the ability to guide clients through complex decisions and build a relationship founded on trust.

Financial education—Technical expertise is complemented by knowledge of regulation, digital technology, pensions, behaviour and sustainability. Advisors thus take on the role of making complexity understandable and promoting economic citizenship, helping people to understand the present and future consequences of their choices and to exercise their decision-making autonomy with greater awareness.

The profession in figures

According to OCF's Annual Report for 2025:

- ➡ 54,783 professionals are registered in the section for financial advisors authorised to offer financial products and services outside the firm's premises, an increase of 3.8% compared with 2024;
- ➡ 38,267 professionals are active, representing almost 70% of those registered and an increase of 5.2% on the previous year; 68% operate through financial advisory networks, with the remainder working as bank employees and insurance agents;

- ➔ 3,639 are under the age of 30, accounting for 6.6% of the total and an increase of more than 34% in a single year;
- ➔ more than 13,000 registered advisors are women, representing 23.9% of the total and annual growth of 7.4%;
- ➔ women account for 32.8% of new registrations and 33.3% of new agency appointments.

The profession serves around six million citizens and oversees assets exceeding €1 trillion. Behind these figures lie millions of decisions concerning retirement provision, protection, housing, education, longevity, intergenerational wealth transfer and business continuity.

These figures therefore reflect not only the profession's growth in numbers, but also the gradual expansion of its economic and social role. The increasing presence of younger professionals and women also points to a process of renewal within the profession, essential to representing an increasingly diverse society and responding to its constantly evolving needs.



III. ANASF AS AN INTERMEDIARY BODY BETWEEN SOCIETY AND FINANCE

Anasf connects four pillars of society: professionals, citizens, businesses and institutions. The Association gathers the needs that emerge from financial advisors' day-to-day work and translates them into legislative and regulatory proposals, technical contributions, training initiatives, and institutional and social partnerships.

Strengthening political and institutional representation in Italy

In recent years, Anasf has strengthened its representative role through:

- growth to more than 13,000 members; recognition of its legal personality; and gender equality certification under UNI/PdR 125:2022;
- a more structured presence in the relevant representative and pension bodies, alongside agreements with business and professional associations;

**FINANCIAL
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THE CHALLENGE AHEAD IS TO STRENGTHEN THE UNITY AND IDENTITY OF THE PROFESSION, ITS ACCESSIBILITY AND RESPONSIVENESS TO CITIZENS.

- the promotion of collaborative networks with certification bodies, European organisations and other intermediary bodies active in the economic and financial sector;
- active participation in the national and European regulatory debate through hearings, consultations and technical contributions.

These achievements reflect a clear strategy: to overcome fragmented representation and build alliances capable of connecting the financial system with growth in the real economy and social cohesion. Building alliances thus takes on political and institutional significance. Structural changes involving longevity, retirement provision, sustainability, artificial intelligence and evolving regulation cannot be addressed by a single profession. The partnerships promoted by Anasf embody a model of shared responsibility, in which professionals, institutions, businesses and citizens contribute to developing common responses.

From the national to the European level

Since Law No. 1 of 1991, Anasf has helped shape the evolution of the regulatory

framework for the profession and the financial market. That initial legislation was followed in 1998 by the Consolidated Law on Finance and, subsequently, by the MiFID I and MiFID II directives, which transformed the way markets operate and placed increasing emphasis on advisory services. Today, including through FECIF, the European Federation of Financial Advisors and Financial Intermediaries, Anasf contributes to discussions on the European Union's main policy initiatives: from the Retail Investment Strategy (RIS) to the Savings and Investments Union (SIU), and from the rules on crypto-assets introduced by the MiCA (Markets in Crypto-Assets) Regulation to the implementation of the AI Act. At the national level, it also contributes to the reform and development of Italy's capital market.

In each of these areas, the Association's position is based on the pursuit of an essential balance between transparency and investor protection. This means ensuring that savers have clear, complete and readily understandable information about the features, costs and risks of the services and products offered, without reducing the quality of advice to cost alone or introducing mechanisms that could make the service inaccessible to citizens with fewer assets. Regulation must protect savers and encourage informed decisions, while preserving the value of professional relationships, personalised service and inclusive access to advice. From this perspective, transparency and investor protection should serve to strengthen trust in both the relationship with the professional and the financial system, avoiding complex approaches that risk creating further barriers to accessing advice.

A responsibility for the future

As it approaches its fiftieth anniversary, Anasf has helped to enhance public and institutional recognition of financial advisors, establishing their role as an intangible infrastructure serving the country.

The challenge ahead is to strengthen the unity and identity of the profession, beginning with a clear, shared definition of the financial advisor that recognises the profession's standing, both in Italy and across Europe. At a time of profound tensions and social and technological change, the profession can help to build a renewed commitment to European integration in finance, making it more integrated, accessible and responsive to citizens. Anasf intends to be a reference point in this process, bringing to the European debate the experience of a model founded on proximity, professionalism and the protection of savings. ■



FINANCE AT THE HEART OF THE POLIS

by Luigi Conte, ANASF's President

Financial advisors interpret the structural changes affecting the economy and society, translating their implications into informed choices for families, workers and businesses. Their work now plays an increasingly social role, sitting at the intersection of macroeconomic developments and individual circumstances: it makes market trends, political decisions, and demographic and technological transitions understandable, turning them into insights that help shape sustainable, personalised investment solutions.

In this sense, financial advice is political in the highest meaning of the term, because it helps to shape society. Every decision about savings affects people's ability to plan their future and, at the same time, the country's capacity to finance its growth.

Trust is the foundational infrastructure of this process. Where trust exists, people

are more inclined to plan, invest, protect themselves and make long-term decisions. Advisors help to safeguard this public good every day through relationships founded on expertise, listening and responsibility.

The figures show how important this role already is. According to Consob's 2024 Report on the Investment Choices of Italian Households, 40% of investors make their decisions with the support of a financial advisor or a bank employee, compared with 32% in 2022. A further 42% make decisions at least partly independently, while only 3% follow guidance from social media. Professional relationships thus remain one of the main channels through which citizens make informed choices when accessing the markets.

The sector's economic scale is also significant. At the end of 2025, banks operating through financial advisory networks managed €1,007 billion, an annual increase of 8.4%. They account for around a quarter of Italian households' financial assets and generate 90% of investments in mutual funds. Behind these figures lie not

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only assets, but decisions about retirement provision, protection, education, housing, longevity, intergenerational wealth transfer and business continuity.

The profession is therefore evolving **from wealth management towards life planning**. Its task is to help each person solve their own “life equation”, integrating financial, pension, insurance, tax, property and inheritance considerations. Wealth is not an end in itself, but a means of exercising freedom and autonomy and pursuing one’s plans.

The quality of this support depends on a deep understanding of the individual. Consob’s 2024 Report on the Advisor–Client Relationship highlights a growing alignment in the understanding of attitudes towards risk, investment objectives and the perceived benefits of advice. An essential part of the profession’s value lies in this ability to interpret individual needs, expectations and plans.

Full participation in economic life also requires **better-informed citizens**. The 2023 Eurobarometer survey shows that only 18% of European citizens have a high level of financial literacy; 64% have a medium level and a further 18% a low level.

Women, young people, those on lower incomes and citizens with lower levels of education are at greater risk of exclusion.

Financial education must therefore be regarded as an integral part of citizenship and a strategic policy priority. It is not simply about knowing products and concepts, but about understanding risks and opportunities, assessing the consequences of one’s decisions and knowing whom to turn to. Economic knowledge is, first and foremost, a tool for autonomy.

Technology must also serve this purpose. Artificial intelligence can improve data analysis, personalisation and service efficiency, but it must be governed by principles of transparency, security, data protection and human responsibility. The question is not whether technology will replace advisors, but what kind of advisory model we intend to build with it. Innovation will create value if it makes the service more accessible and accurate, strengthening the relationship rather than diminishing it.

These transformations extend beyond national borders. Digitalisation, sustainability, retirement provision, citizens’ mobility and investor protection require a **shared commitment** among professional associations, authorities, supranational institutions and civil society organisations. Common principles are needed to protect savings without restricting access to advice, and to help build a more integrated and inclusive European market that is more responsive to people’s needs.

The future of the profession will depend on its ability to demonstrate its social value. The challenge is not simply to manage wealth better, but to ensure that savings translate into freedom for individuals, development for local communities and a future for society. It is in the space between individual responsibility and the collective interest that financial advice can establish itself as one of the infrastructures of trust our times need most. ■

BIOGRAPHY

LUIGI CONTE—President of ANASF

Born in Torre del Greco (Naples) in 1969, Luigi Conte holds a bachelor's degree in Social Sciences and Anthropology from the "Carlo Bo" University of Urbino, a master's degree in Financial Planning from the University of Siena, and a master's degree in Financial Advising from the SDA Bocconi School of Management. He has been an EFA (European Financial Advisor) since 2002 and began his career in 1996 at Ing Sviluppo Investimenti. He served as a Personal Financial Advisor and a member of the Advice Team at Unicredit Xelion Banca. He is currently at Finecobank Banca Fineco S.p.A., where he serves as a Senior Private Banker and Ambassador.

A soccer enthusiast, he played professionally from 1982 to 1992 and later held management positions with several teams.

Since 2007, he has been an adjunct professor at the Faculty of Science Education at the "Carlo Bo" University of Urbino, and since 2017, an adjunct professor of labor law in the Corporate Legal Counsel program, a master's degree offered by Luiss Business School. He is a speaker on the topic "New Draft Technical Standard: Compliance Criteria for Types of Products and Services based on Personal Financial, Insurance, and Pension Planning as Specified by ISO 22222" at UNI Milan.

Luigi Conte has been registered with the Financial Advisors Registry since 1998. He has been a member of ANASF since 1999, where he served on the Campania Regional Committee from 2002 to 2011, and has been a member of the Lombardy Territorial Committee since 2015.

In 2016, he joined the ANASF Association's Executive Committee for the first time, taking charge of the Training and University Relations Division, and was appointed Deputy Vice President.

In July 2020, Luigi Conte was elected President of the Association, responsible for the Executive Committee overseeing professional development, generational transition, international affairs, the study and research center, and digital innovation. Since October 2021, he has been a member of the National Executive Committee of Confesercenti.

Luigi Conte has been a National Council Member of ANASF since 2006 and was reelected for a fourth term at the 12th



National Congress in 2024, where he was reappointed as ANASF President for his second term. He is responsible for the Executive Committee's area of Relations with Institutions, Regulatory Authorities, and Industry Stakeholders. ■

WHERE TRUST
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ADVOCIS, Canada

<http://www.advocis.ca>

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<http://www.afg.asso.fr>

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AFPA, Austria

<http://www.afpa.at/cms12/>

AfW, Germany

<http://www.afw-verband.de>

AIF, Spain

<http://aif.es>

AILO, Belgium

<http://www.ailo.org>

ALPP, Luxembourg

<http://www.alpp.lu>

AMAF, Monaco

<http://www.amaf.mc>

ANACOFI, France

<http://www.anacofi.asso.fr>

ANASF, Italy

<http://www.anasf.it>

ANBIMA, Brazil

<https://anbima.com.br>

ANCDGP, France

<http://www.ancdgp.net>

APFIPP, Portugal

<https://www.apfipp.pt>

ASCOFIND, Italy

<http://www.ascosim.it>

BVI, Germany

<http://www.bvi.de/start/>

BZB-FEDAFIN, Belgium

<http://www.bzb-fedafin.be>

CAPS, Argentina

<http://www.caps-financialplan.org.ar>

ČASF, Czech Republic

<http://www.casfpz.cz/>

CCEF, France

<http://www.ccef.net>

CFSFA, Cyprus

<http://www.cfsfa.org.cy>

CGPC, France

<http://www.cgpc.fr>

CIFPs, Canada

<https://www.cifps.ca/Public/default.aspx>

CIFSA, Cyprus

<http://www.cifsa.org>

CISI, UK

<https://www.cisi.org>

CNCEF, France

<http://www.cncef.org>

CNCFA, France

<http://www.cncfa.fr>

CRT, USA

<http://www.cauxroundtable.org>

EFAMA, Belgium

<https://www.efama.org>

EFFAS, Belgium

<http://effas.net>

EFFP Polska, Poland

<http://www.effp.pl>

EFPA, Czech Republic

<http://www.efpa.cz>

EFPA, Europe

<http://www.efpa-eu.org>

EFPA, Italy

<http://www.efpa-italia.it>

EFPA, Luxembourg

<https://www.efpa.lu>

EFPA, Poland

<http://www.efpa.pl>

EFPA, Spain

<http://www.efpa.es/>

FECIF, Belgium

<http://www.fecif.org>

FEIFA, Europe

<http://www.feifa.eu>

FIFA, India

<https://fifa-india.org/>

Finanzplaner Forum, Germany

<http://www.finanzplaner-forum.eu>

FPA, USA

<http://www.financialplanningassociation.org>

FPSB, Indonesia

<http://www.fpsbindonesia.net>

FPSB, USA

<https://www.fpsb.org>

HUBPLUS, Switzerland

<http://www.hubplus.ch>

IFAA, Hong Kong, China

<http://aifaasia.hk/>

IFAA-LIBERTATEM, UK

<https://www.ifaa.co.uk>

IFMA, Switzerland

<http://www.ifma-net.ch>

ICDA, Switzerland

<http://www.incoda.org>

LATIBEX, Spain

<http://www.latibex.com/ing/home.htm>

Network financial planner e.V., Germany

www.network-financial-planner.de

OVB, Slovakia

<http://www.ovb.sk>

PMAC, Canada

<http://www.portfoliomanagement.org>

SFAA, Switzerland

<https://www.sfaa.ch/fr/welcome.asp>

SFSP, Singapore

<http://sfsp.org.sg>

SMSF, Australia

<http://www.smsfassociation.com>

VOTUM, Germany

<http://www.votum-verband.de>

VV&A, Netherland

<http://www.vvenc.nl>

VZMD, Slovenia

www.vzmd.si

WMA, UK

www.thewma.co.uk





The founding principles of CIFA are built around an ethical reflection and the reform of the worldwide financial system. Through its many assignments, CIFA is working towards a unique goal: putting finance back at the service of investors. CIFA regroups 70+ professional associations, which represent more than one million individuals or legal entities involved in the financial intermediation worldwide. In 2007, CIFA, through its active participation in the works of various United Nations organisms, obtained the «special consultative status» with the United Nations in the framework of the Economic and Social Council (ECOSOC). In 2015, CIFA has obtained the «general consultative status» with the UN-ECOSOC. CIFA is the only NGO within global finance with such a status!