



Long Finance
Meta-Commerce Workshop Report
November 2012

LONG FINANCE
META-COMMERCE WORKSHOP REPORT
NOVEMBER 2012

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1. INTRODUCTION

1.1 Background

Long Finance aims to improve society's understanding and use of finance over the long term. The initiative began with a question - "when would we know our financial system is working?" - and seeks to challenge a financial system that revolves around short-term thinking and practices.

The Meta-Commerce programme in Long Finance aims to identify a set of core questions that link economics, finance and society. We believe that these questions merit (further) research in order to offer solutions that can contribute to a working financial system.

Meta-Commerce was inspired by David Hilbert's Meta-Mathematics project of 1900, in which Hilbert presented 23 mathematical problems that were, at the time, unresolved. The problems covered a number of topics and varied in precision. Over the course of the 20th century Hilbert's questions influenced much of the research carried out in the field of mathematics.

Since 2008, the Long Finance community has compiled a list of 78 Meta-Commerce questions under eight themes. The list has evolved through input from the Long Finance advisory board as well as members of the wider Long Finance community and can be added to at any point via the Long Finance [Wiki page](#).

We are now looking to move the programme forward by putting together a set of more concrete research proposals.

1.2 Events

1.2.1 Colloquy

The first Meta-Commerce colloquy was hosted at the office of Z/Yen in September 2012. This event gathered a small group of thoughtful and experienced people to discuss how a road map of questions might begin to be structured in order to contribute towards a robust research agenda. The event was prefaced by the publication online of Ian Harris' short 'thought piece' on the Meta-Commerce programme (<http://www.longfinance.net/long-finance-blogs/the-pamphleteers/641-meta-commerce-thought-piece.html>) The outcome of discussions at the colloquy was that the programme could usefully be taken forward by developing a short survey around which to design and host a wider workshop.

1.2.2 Workshop

Following on from the colloquy, a workshop was held at the Z/Yen office in November 2012, attended by 30 people from a range of professional backgrounds, including central banking, geography, land planning, pension funds, carbon investing, sustainable development, technological innovation, alternative currencies and financial product development (Appendix A). All participants had been invited to contribute to a survey some weeks in advance of the workshop. Based on the feedback we received from 32 respondents the workshop was structured around three themes:

- ◆ Externalities (e.g. environment, resource scarcity)
- ◆ Nature of money
- ◆ Societal concerns (e.g. educational, inter-generational)

2. WORKSHOP DISCUSSION

2.1 Format

Participants were invited to place a single question on the table of the theme to which it was most pertinent (Externalities, Nature of Money or Societal Issues). They were then encouraged to sit at a table on which they had not placed their question in order to foster as much diversity of expertise and opinion as possible in the discussion. The groups were of approximately equal size with about ten participants in each.

The aim of the group discussion was to attempt to identify one or two critical questions around which a research project might be developed, and to explore the sub-questions that might play into such a research project as well as a methodology or research approach. This was a significant task to accomplish within 45 minutes and most groups were not able to get that far in the time given, although each was able to elaborate a couple of key questions.

After the table-based discussion, the ideas and questions were presented theme by theme to the entire group, who were then able to feed in their own questions and thoughts.

2.2 Tour de Table - Externalities

The group defined externalities as those environmental, social and economic costs and benefits which either take place ‘outside’ institutional accounts or occur across the balance sheets of multiple actors, stakeholders or proxies. The discussion around externalities identified two types – hard, ecological externalities (such as ecosystems services; biodiversity; and scarcity of resources) and social externalities (health impacts with multiple causes, such as antibiotic resistance and asthma; personal and social insecurity through labour market changes; the flight of labour, with capital moving around the world; and demographic shifts).

A key issue in the discussion concerned externalities and competing notions of ethics manifested as a clash of narratives, for example the narrative of tax efficiency versus the narrative of tax avoidance. Such an issue touches on the role of business but also the recognition (or ignorance) of the interdependencies between state and private actors. For instance, companies rely upon public infrastructure to do business but may act to undermine the ability of government to renew infrastructure through tax planning. Other economic externalities discussed included labour market distortions; market dominance and its effect upon economic diversity and resilience; and market instability due to monopolistic behaviour.

The group also touched on what are the boundaries of the economic system and whether the things that we are uncomfortable pricing should still be priced. The group asked whose role it would be to price today’s externalities – whether it should be through policy, legislation or the individual; and also what are the terms of society’s license to operate.

This wide-ranging discussion nevertheless identified two questions which attempt to capture the principal concerns and issues raised:

1. How can we recognise and reconcile conflicting narratives?
2. How is price connected to value?

Considerations feeding into the first question would include mechanisms, governance, onward implementation, role of public opinion in enabling regulation, the purpose of business (profit and social value) and a framework for decision-making. Research into the second question would include, for example, identifying where and why price does not include long-term factors.

During the feedback from the wider group, the following points were raised:

- ◆ Public money creates private profits – in particular, public infrastructure allows private money to operate.
- ◆ The extent to which externalities can be interpreted as a moral issue – what is the dynamic between natural justice (fairness) and a market price? How can inter-dependencies that businesses require to operate be balanced without detrimental impacts?
- ◆ The need to understand conflicting narratives – if taxes are the price we pay for civilisation, can the existence of multinational enterprises be accepted just to make money or do they play a role in social utility? For example, poverty is an externality which corporate tax contributes towards alleviating. Tax therefore acts as a way of redistributing wealth more fairly.
- ◆ Can we take a more systematic approach to the moral controversies which are generated or will we only every act ad hoc to scandal? What role does or can religion play?
- ◆ The question of externalities is related to the nature of money and how emergent externalities can be priced into a system.
- ◆ The law is not the only framework which counts in identifying possible approaches to dealing with externalities and conflicting narratives; the swell of popular opinion is of great importance in enabling action on the part of formal bodies.
- ◆ The link between morality and legality is complex: is taxation moral?

2.3 Tour de Table - Nature of Money

Money is usually defined as a medium of exchange, store of value, unit of account and means of final payment. The participants in this group placed emphasis differently on the relative importance of these four functions. The discussion included alternative currencies and the innovative connections now being made between the Bristol pound and Bristol credit unions. Other alternative currencies discussed included the Eternal Coin, peer-to-peer lending and the Brixton pound. The group suggested that local currencies operate as charge cards that delineate the boundaries in which transactions occur. The other side of this critical localism, which generates economic activity among friends and family, is perhaps a narrow pariochalism that obviates the universalism traditionally inherent in monetary fungibility and which might still contain critical potential. It was also noted that the period during which the nation-state has acted as guarantor of money has been relatively recent, and may have already

passed, e.g. the Euro. The discussion also touched on the extent to which technology is changing what can be imagined in terms of money.

The principal research questions identified were the following:

1. Are alternative currencies such as LETS a solution adequate to the problems which are spurring their popularity, or are these means a form of misrecognition, and thus inadequate to meeting the needs or wants of people to have more democratic control over money?
2. What do we want our money to be?

It was suggested that one approach to the second question might be grounded in the idea of Niels Bohr that the opposite of a profound truth is also a profound truth, i.e. to see the best and worst of both alternative currencies and the dominant forms of money, seeing them as potentially complimentary rather than competitors.

The feedback to the wider group elicited the following points:

- ◆ What other purpose might money serve? For example, an expression of mutual trust, i.e. a social purpose; or inter-generational equity within a monetary framework.
- ◆ According to Lord Stern money has created the biggest market failure, so what unit of value could correct this market failure and sustain society?
- ◆ The discussion is about value, but money is simply a medium – it has no inherent value in itself and therefore cannot be held accountable for the problems within the financial system. Money is ‘cystalised trust’ and it is the trust that has broken down, not the monetary system.
- ◆ One participant suggested that money might have a memory and, if so, that it might be possible to counter fraud, for example laundered money.
- ◆ Might carbon be used as an alternative currency with the development of the carbon markets, such that a whole biosphere currency might be developed? There was some scepticism about this idea given the security and fraud issues with which the market has had to contend in the recent past.
- ◆ One participant raised the concept of a Jubilee year to alleviate debt burdens, tying this discussion back to the discussion around externalities through the concept of fairness.
- ◆ Local currencies might hold the potential to re-establish trust in monetary systems.

2.4 Tour de Table – Societal Issues

Key issues discussed by this group included ‘fairness’, mutualism and, linking back to the second theme of the workshop, the purpose of money. Contributions on these points included the possibility of freeing up or depreciating money for positive impact. There was discussion about the problems with ‘discounting systems’ and also issues of fairness and inclusion. It was suggested that the current crisis was not simply a matter of monetary structures but included issues related to governance. On the issue of fairness it was felt by some that it was linked to property rights and mutual ownership, while others disagreed; fairness was also suggested as a tool to try to regain the trust that has been lost in the financial system. The issue of fairness was considered to be of importance in China were mass-urbanisation and

industrialisation are in jeopardy as people begin to lose faith in their particular social model. It was mentioned that the garden city model (of community ownership and good governance) provided transparency.

The issue of inter-generational debt was raised in the context of ‘forgotten gains’. For example, the destruction of mutual societies, it was suggested, arose because the generation that de-mutualised them did not understand their value or appreciate the struggle that had taken place to form them. This was not the view of all participants, some of whom saw demutualisation as positive. The discussion also included education and the nuances between a belief in equality and a belief in equality of opportunity. It was suggested that prosperity and gains needed to be kept local and that local currencies would help to achieve this.

The two questions emerging from this discussion were:

1. How can fairness be defined and is it linked to property rights and / or governance?
2. How do education and localism fit into building a fairness equation?

The wider discussion included the following points:

- ◆ Societal issues are not simply about fairness but also the material costs of inequality: education is a way for the individual to become economically viable but if there are not enough jobs this creates an inflation effect on the value of education. The problem of full employment is not, therefore, solved by ‘more education’.
- ◆ Society appeared to be fairer in the post-World War II era but has been dragged down by putting a price on education.
- ◆ What would fairness look like in a de-monetised society? It was suggested that the monastic orders in, for example, Andalucia and La Mancha might provide a guide to answering such a question. Another suggestion was that physical strength used to be the ‘coinage’ of value in a pre-monetary society.
- ◆ Would it be possible to address inequality by allocating human beings equal amounts of carbon at birth, or would we end up with the same system that we have now?
- ◆ Inequality is destroying the productive value of the economy¹.
- ◆ A mega-trend of the past 25 years has been the declining return to labour and the increasing return to elites and corporations.
- ◆ Victorian Manchester’s cotton kings were cited as an example of those who used their businesses for both financial and social goals.
- ◆ Forecasting models have failed – people know when something is fair but cannot say why. It is also important to look at fairness in the round – what is fair for one person may be at someone else’s cost.
- ◆ The issues being discussed are possibly not economic ones but rather about how society thinks. For example, to what extent are societal problems due to integration issues?

¹ United States Senate, Committee on Finance. *Investigation of Economic Problems*, Hearing, February 13 – 28, 1933. (S. Res. 315). United States Government Printing Office: Washington, 1933. Available at <http://fraser.stlouisfed.org/docs/meltzer/ecctes33.pdf> [accessed 20 November 2012].

3. CONCLUSIONS AND NEXT STEPS

The discussion at the workshop was expansive and challenging, not least because there was often no consensus about what would constitute the most significant research area within a particular theme. Yet although no group was able to identify one single research question there were three very clear issues which resonated across all three themes:

1. **Fairness** across different cultures: this emerged in all groups as one of the criteria for answering the question “is our financial system working?” However, fairness is a value not seen as a priority in a number of other cultures^{2 3}. An important research topic is therefore whether fairness as a concept increases as wealth increases and, if not, what organising principle for financial services could create a similarly desirable outcome.
2. **Trust** and the factors which create and destroy it: in particular, how to create and maintain trust across different cultures. What are the levers for creating trust within dissonant frameworks? Can additional factors be introduced to bridge the gaps? Considerations would include mechanisms, governance, onward implementation, the role of public opinion in enabling regulation, the purpose of business (profit and social value) and a framework for decision-making.
3. The dynamic between **value and price** (which could be an expression of long-term and short-term concerns). Research questions to explore this issue would include:
 - ◆ Are there market economies that have found a way of reflecting value in pricing?
 - ◆ Is value always higher than price? By what algorithm? How could these factors be built into a governance or social system?

We will now be focussing on developing these three areas into more structured research proposals. The emphasis will be on global financial systems, hence the approaches around comparisons of cultures and bridging between different frameworks. We anticipate further collaborative events such as workshops and we will continue to engage with all workshop participants to encourage input and feedback on the process of defining the scope and approach for further research.

² Haidt, Jonathan, 2007. The New Synthesis in Moral Psychology. *Science*, 316, pp. 998-1002.

³ Haidt, Jonathan and Joseph Craig, 2007. The moral mind: How five sets of innate moral intuitions guide the development of many culture-specific virtues, and perhaps even modules, in Carruthers, Peter, Stephen Laurence and Stephen Stich (eds), *The Innate Mind*, 3, pp.367-391. See also www.moralfoundations.org, 2007.

APPENDIX A Contributors

Colloquy

Brandon Davies, Gatehouse Bank
Nick Goddard
Robert Gordon, St Paul's Institute
Ian Harris, Z/Yen
Gill Ringland, SAMI Consulting
Stephanie Rochford, Z/Yen
Richard Walsh, SAMI Consulting
Chris Yapp

Workshop

Stephen Aguilar-Millan, European Futures Observatory
Christine Berry, Fair Pensions
David Bholat, Bank of England
Nick Birtles
Susie Braun, Volans
Ian Dowson, William Garrity Associates Ltd
Pat Dunphey
Robert Ghanea-Hercock, BT Innovate
Ian Harris, Z/Yen
Ian Hillier-Brook, Satori Consulting
Rob Julian
Poonam Kumar, Mega Ace Consultancy
Simon Mills, City of London Corporation
John Ratcliffe, The Futures Academy
Carlo Resta, Oraculum
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Stefan Wasilewski, FinaXiom
Denis White, Oregon State University
Justin Wilson, Alpheus Solutions
Steve Wright, VocaLink
Mike Young, Decision Workshops

APPENDIX B META-COMMERCE SURVEY RESPONSES

1. If you could talk to someone who knew what the world's financial environment will be like in 50 to 100 years time, what question would you ask that person to inform your current engagement with Long Finance?
What length is the business cycle (currently 8 years, how long will it be in 50 years and 100 years)?
Has the dollar collapsed?
Why did it take so long to reform the banks?
Has an abundant cheap supply of energy (being what TAE calls the "Master Resource") been found and therefore what are most people working to create or make happen?
Did it adapt or did it die?
Who is benefiting and who isn't from the structures of the financial system?
Do banks still exist and if so in what form? Why?
How are you including the full extent of externalities in pricing real assets such as water, energy, air?
At what stage did financial markets succeed in meeting the needs of society?
How could he possibly be sure he knew what the state of a complex dynamic system of autonomous agents would be such a long way into the future? To put it another way - I don't believe such a person could possibly exist, not even theoretically!
What worked / what didn't - for the good of society & to relieve poverty
What does a loaf of bread cost? Jane Austen wrote Pride and Prejudice in 1813. At that time a man with 10,000 a year was very wealthy. I first read the book 55 years ago, about 150 years later, when that was still true. In the last 50 years inflation (due to the equivalent of quantitative easing?) has eroded peoples savings. Retiring at 60 and hoping to live for another 30 years in comfort is a problem for nearly everyone
In which year did we as a global citizenship have enough evidence to know that change was inevitable and we'd do better to embrace it than kick the can down the road? What were the key elements of that evidence and how better should we have sought to overcome the obstacles and vested interests to taking action?
Why are politicians, civil servants, bankers, journalists and many academics in Britain i) so short sighted ...and seemingly unaware of economic history; and ii) allowed to put their own self interests before the interests of wider society?

1. If you could talk to someone who knew what the world's financial environment will be like in 50 to 100 years time, what question would you ask that person to inform your current engagement with Long Finance?
What do we need to do now to make the world financially comfortable for everyone?
What in practice has proved to be the optimum size of monetary regions where agreement has been obtained to adopt a common unit of value for money determined by local sustainable services of nature?
What is the price of carbon?
What aspect of your conceptual model relates to managing variety so that the system navigates the fiscal topology without over/under heating?
How leveraged will the system be? Will peer-to-peer finance take off?
To what extent will clean energy, water and agricultural technology enable us to overcome the calamities of climate change?
That depends upon what part of the spectrum of potential outcomes that person is viewing the future financial environment from. The financial system and all its components are an artifice created by human beings. Although tricky to change, they are not set in stone. We have within our capabilities the ability to design, implement and modify through experience a suitable financial system that works for society - one that provides sufficient money supply to meet all fundamental human needs, promotes social justice, stability and a sustainable relationship with global resources and ecosystem services. So, if they were viewing the future from this pathway in 50 to 100 years time, I would be asking 'is the pathway we are setting out on now achieving the intended outcomes and if not, what could we have done differently that would lead to those outcomes being achieved?'
Has the thrust of world investment shifted to worthwhile companies and projects, and away from the dominance of speculators?
What methods work best to persuade financial professionals, other business professionals, government officials, and the public to adopt best practices for long term financial planning and operation?
Are we here?
The present financial system has taken the slender basis of its remit--to provide liquidity in different markets and risk management tools to the rest of the economy--and built upon this small base a system which, while it performs these public good roles, has also burgeoned into a self serving parasitic system, many of whose activities are socially questionable. How will the financial system of the future get reigned in so it serves the population better, perhaps even the whole world better, with real financial 'public goods' , but trim its self serving, moral hazard, parasitic type activities.
How will evaluating company performance be being done then, and how much will the roles of director, auditor and investor have changed?
In 2100, who are the main issuers and guarantors of currency?
Will fiat currencies and fractional reserve banking dominate or will a more sustainable alternative emerge?

1. If you could talk to someone who knew what the world's financial environment will be like in 50 to 100 years time, what question would you ask that person to inform your current engagement with Long Finance?
Will capital markets be fully integrated globally with harmonised regulation
To what extent, and with what effect, will a "New Global Order" emerge?
How do people (or groups of people) exchange goods? How do people distribute value (means of living) over time (lifespan)? Which professionals support these decisions?
Who owns the world's tallest building?
Do banks exist? If not then we need to look to Capital Markets instruments as the source of financial transfers, both across generations and between persons and corporate bodies. Note this would also imply that financial markets were "efficient" in that there was little costly institutional intermediation. If long finance leads to better financial outcomes (improved returns) we can assume that this will be the outcome of efficient markets. If banks still existed we need to look at institutional structures and controls to ensure efficiency in that markets cannot be "efficient" allocators of financial flows. The controls are there to ensure "agency" problems do not disrupt efficient allocation of financial resources.

2. If you had a mandate, without constraints, to make the world's financial system work, what would be the main aspect or solution you would choose to address?
Flatten the business cycle so it is steady unwavering growth or flat lined.
Resolving corruption through increased transparency.
Disintermediation of Banks and Insurance companies. Complete separation of PT (Programme Trading) and High Frequency Trading from the financial markets into Spread Betting Vehicles
Clarify the nature of most of our money (specifically the way it is created by debt). Also (I'll be greedy and state two points) education.
In order to evolve the financial system such that it operates within the parameters of a finite planet with a vastly increased global population I would propose the following changes: 1. To develop a shared vision of the future which is inherently in the interests of all; citizens, markets, governments and the natural environment. A market of 9 billion capable citizens can only be achieved through sustainable resource use, the enhancement of natural capital and the prioritisation of the education, development and social stability of citizens. 2. For financial markets to value behaviour against that vision is a given course of action likely to deliver or undermine that future? 3. For the price mechanism to be re-engineered to include considerations of sustainable value; for price to arise from supply & demand in addition to the new concepts of abundance (of the resource depended upon), vitality (is the good or service contributing to or benefiting from a use of the planet's natural productive ability?) and interdependence (valuing the dependence we have on others to maintain our quality of life).
Tackling growing inequality
1. Educate savers/investors, especially on the time value of money; 2 massively reduce the amount and detail of capital adequacy rules; 3 anyone requiring (or required to have) unlimited standby credit from the central bank (a) to pay an annual fee (b) the board of the company to agree to resign and surrender their personal wealth to the central bank if the standby credit is provided [no worse than being a Lloyd's name; 4 prioritise markets (properly informed, see 'The Price of Fish' passim) over bilateral loans for the supply of capital, both to banks and their corporate customers.
I would look for a measure of leverage which could be applied, even approximately, to give a result for all financial products relative to the simplest products.
Split up banks and create a pre big bang like market structure
I would clearly separate the mechanisms providing media of exchange, storage of value and units of economic measure that are all currently supposed to be served by money, with seriously destabilising results.

2. If you had a mandate, without constraints, to make the world's financial system work, what would be the main aspect or solution you would choose to address?
Regulation- banks/ global trade Reducing 'clout' of bigger organisations to enable growth of new/ smaller businesses Actually enable new business growth - in reality government aid isn't working
Exchange rates
Prohibit financial trading that has speculation as its primary driver - hedging real risk is OK and we must be able to define limits to this. I can't see the arguments for high frequency trading and we must ban the unethical speculation on food commodities before this turns to an even greater disaster for many of the poorest in our global world.
If the financial systems of other countries become more efficient; the City will not enjoy a smaller slice of a bigger cake; but just a smaller slice! Britain's financial system needs to look to its customers (in this country; not just to those who'd like to buy up any UK asset on the cheap). Quality must become an imperative, while enterprise & hard work must to be rewarded
Currency control as a lever to stop corruption. Make corrupt money valueless and hard earned money of value.
One or more decentralised and localised currencies for each bio-region with the value of tax-paying money determined by the value of local renewable environmental services that can sustain society so that market forces allocate global resources and the population on a sustainable basis. Money would no longer be a store of value and earn interest, as it would possess a usage fee to pay the cost of maintaining its integrity. All money would be digital, stored and used through mobile phones as described by the Green Money Working Group web page at www.gmwg.org
To price carbon appropriately and remove barriers to its international exchange
Dynamic taxation and systemic management of time variables in finance
Sound money and the abolition of capital regulation in favour of personal liability
Detachment from the political process; transparency in all areas that are possible without compromising fair business practice; reconfiguration of fractional reserve banking and debt creation; pricing in of more honest externalities.

2. If you had a mandate, without constraints, to make the world's financial system work, what would be the main aspect or solution you would choose to address?
A new definition of wealth first needs to be created. Value creation needs to encompass the fundamental principle that economic activity of any sort (public/private/third sector/households) leads to an enrichment of society as a whole as well as for the actors directly engaged in that activity. Enrichment of society means there is a fair balance between all stakeholders and the activity is either sustainable or positively beneficial from both resource and ecological perspectives. With this at the core, a new monetary system needs to be established that is capable of emerging from the current one, designed to lead to the creation of money that has hard wired into it this core principle. This may sound a little utopian - but I firmly believe it is possible.
To reverse the developments of the last 20 years - the growth of hedge funds, short selling and now high frequency trading - and return to respect for all the stakeholders in companies - employees, customers, suppliers and creditors, as well as investors, fund managers and company executives.
Re-conceive the depositor -bank relation as based on trust rather than contract law. From a regulatory perspective, move from managerial accounts as the main source of financial data to real-time cash flow analysis. Shift attention from capital to liquidity
Two major issues are the type of currency and the role of debt. Changing to a currency based on a physical quantity such as energy can allow both non-human as well as human goods and services to be valued appropriately, and can internalize the many externalities that exist in the current economic system. Because debt is a major factor in unequal opportunity, anywhere, a debt system that is based on negative rather than positive interest should be studied closely and considered for a phased-in replacement of positive interest-based transfers. These two ideas are somewhat independent but should be implemented through a coordinated plan.
Take it back from the technocrats
Make sure a sense of professionalism and strong ethics pervades everybody in front line positions reflecting and paralleling the highest ideals of , say, the medical profession- this would cover everybody in fiduciary , advisory and risk taking functions with perhaps reward levels (not excessive)and sanctions similar - many of the mega packages of 10's of millions are not earned as much of it attributable to the brand and size of the company the recipients work for.
The introduction of a Global Financial Transaction Tax.
How to get bad loans out of the system and enough liquidity into the system as soon as possible.
Debt and the segregation of traditional and casino banking

2. If you had a mandate, without constraints, to make the world's financial system work, what would be the main aspect or solution you would choose to address?

Complexity. As I have written in my Pamphleteers page blog; If Ignorance was a Problem... I believe recent events have shown the danger and folly of thinking we can fully predict complex, self-referencing and unstable systems such as exist in the financial system. Given this knowledge, if your understanding and control of a system is limited and fragile, you keep it simple! Much of the complexity found in the financial system is justified under the umbrella 'public good' remit of providing better risk management or liquidity, but scratch the surface, ask a few searching questions, and you may find that the complexity helps only the companies participating, and the system wide public good is not achieved. Keep more risk in its raw and simple state rather than massaging it away. There may indeed be genuine real non-financial businesses which will lose out if certain derivatives etc. are no longer available. But if the harm is greater than the good, we may be better off without certain kinds of them. I am sure alternative financial solutions could be found whose use could be better limited to the real business world applications, rather than becoming a speculative subject in themselves and the tail wagging the dog. Some people get a real benefit from using cocaine and use it responsibly. (Queen Victoria used it and it was in Coca-Cola until 1904? things change!) but on balance it is better to make it illegal.

Education, particularly about risk and how to manage it.

Is there a world financial system (or perhaps several disintegrated systems)?

Provision of adequate financial service for all

Transparency

Security

How should financial services relate to communities?

International sovereign and corporate debt.

I would re visit the international financial system as established at Bretton Woods as the current system requires adjustment only by deficit countries. I would make it symmetric between deficit and surplus countries. Note this follows closely the submission by J M Keynes to the Bretton Woods conference, though my solution would differ in a number of respects from his as time has moved on.

3. If there is an area of finance that you find especially mystifying and/or has never made sense to you, please outline the puzzle.
The fixation on the rational actor model of economics.
Why the form of regulation we have adopted is based upon box ticking or legal regulation rather than concentrating upon the humans in the system, i.e. a Moral & Ethical underpinning and guidance of decision making in financial institutions. Why one individual has suffered criminal penalties over the PPI (Payment Protection Insurance), Credit Swaps miss-selling scandal and 2007/8 Bank collapse. Anglo Saxon Capitalism in the UK was 4 hours away from closing down HBOS ATM and card processing terminals.
Why GDP is calculated as it is, and why it's considered a reliable metric for assessing whether nations can pay their debts. However, the only economics I've studied was a part-time course at university so it's probably a lack of education on my part, but the economists I have spoken to about this were not convincing.
Why does the financial system behave like a nihilistic teenager - with no long-term plans or the capacity to make them?
How come many people working in finance personally uphold certain values and visions, yet as a system the outcomes delivered by the current system don't seem to fit these values and visions.
Why are insurance companies such passive investors?
Why humans cannot create genuine progress in matters of finance (or in any cultural sphere except science and technology). Is this essentially a problem of politics?
Why have financial services lost client focus and why do they think that this approach will succeed
More an economic rather than a financial puzzle - is why anybody with elementary arithmetic and a dictionary does not realise that "sustainable growth" is an oxymoron.
Hedge funding/ stock markets etc. - cannot see how this enables the man in the street really
Why in this age of instant money transfers everything takes so long with the banking system
Why do we tax employment (national insurance, auto-enrolment to pensions etc.) while subsidising investment in technology (allowances against tax)? Especially at a time when levels of employability threaten the fundamental affordability of those institutions that we have created to keep our social fabric intact.
I find it puzzling that vested interests are not properly challenged when, for example, they stand up to defend bloated bonuses for self serving executives, at the expense of shareholders, employees and customers. There would seem to be a conspiracy of consensus among our "financial intelligentsia". Is there?

3. If there is an area of finance that you find especially mystifying and/or has never made sense to you, please outline the puzzle.
Why do governments allow private banks to create credits to lend to governments that create sovereign debt problems with the need for governments to raise taxes to pay interest instead of governments creating deposits to lend to banks to earn interest and reduce taxes? Why should money earn interest when it costs nothing to create and this ability creates a bias to invest in money rather than in the means to increase prosperity, while generating the need to debase money by creating more money to pay interest?
The derivatives market
Why governments/banking persist in using models that have no empirical fundament
There are many areas that I find puzzling, I'm not an economist. What mystifies me the most, however, is the seeming complete detachment that many within the finance sector (and plenty of other 'high wealth' sectors) have from the results of their actions/trades/products. How risk/reward analysis can include the price of human life, the price of the planet's ecosystem, and arrive at reasoning that allows people to make decisions that will detrimentally impact and kill many people and cause species to go extinct...all in the name of illusory ideas of wealth and value that serve no purpose after a particular point other than to perpetuate themselves. It astonishes me that so many of us collectively make the accumulation of money and wealth our primary social narrative.
I have spent the last 25 years immersed in the financial sector - either directly or indirectly - with a view to understanding the nature of the financial system. This having been said, there are hedging strategies and derivative instruments that I would like to gain better insight into. These instruments are double edged swords that can either be used to simply advance the interests of a narrow stakeholder group - often at the expense of others - or alternatively as a positive component of a sustainable financial system.
Policies on tax havens
Endogenous monetary theory in the post-Keynesian/Austrian/Schumpeterian tradition i.e. loans making deposits rather than the reverse. This seems to challenge the "orthodox" view that the financial crisis was caused by current account imbalances and "hot money." Further investigation about the role of endogenous money creation as the back-story to the current situation would be instructive.
Much of finance is mystifying to me, but the most important mysteries for me are in human behaviour. Why is it so difficult for us, especially for those of us with descendants, to think long term toward the seventh generation, but also to think wide spatially about our cousins all over the world?
As mentioned above I am interested in the questions of public good and / verses complexity. Having not had a City background, I am aware that I approach the subject with too much prejudice and not enough knowledge. I would like to hear more about why examples of complexity can be justified; the counter case.
I can't see why people (and institutions) don't find the cancellation of mutual obligation appealing.

3. If there is an area of finance that you find especially mystifying and/or has never made sense to you, please outline the puzzle.
The conundrum of the perceived benefits of globalisation (comparative advantage, trickle down wealth) with the reality of economic powerhouses playing labour and tax arbitrage concentrating wealth with the 1%. How do you reset the needle?
Why the concept of "Reflexivity" has not engaged financial policy analysts and economic decision makers earlier or more powerfully.
It is at the core a simple and necessary service - yet it creates strong feelings (hate of "greedy" institutions, strong loyalty towards local bank employees etc.
Price of a currency on foreign exchange market.
How do I assess the confidence that I can place in the earnings forecasts made by companies? How do I distinguish the reliable from the unreliable?
The tendency to apply the logic and mathematics of the natural (God-made) world to the financial world (man-made), I can see no reason why the two should be connected. I even think the analogies between them are unhelpful. Just because we do not have the math to deal with finance does not mean we do not need it.

APPENDIX C WORKSHOP AGENDA

Meta-Commerce Workshop



10:00 – 12:00

Wednesday, 14 November 2012
Z/Yen Office, 90 Basinghall Street, EC2V 5AY

10:00 – 10:10	Welcome
10:10 – 10:15	Group introductions
10:15 – 10:55	Group discussions
10:55 – 11:00	Theme 1 feedback
11:00 – 11:15	Discussion
11:15 – 11:20	Theme 2 feedback
11:20 – 11:35	Discussion
11:35 – 11:40	Theme 3 feedback
11:40 – 11:55	Discussion
11:55 – 12:00	Concluding remarks and next steps

APPENDIX D EXTERNALITIES TABLE QUESTIONS

1. How does any meta-system become conscious of its niche?
2. How far will accounting for and reporting on externalities affect our financial system?
3. How do we internalise externalities and what are the alternative approaches?
4. How do we overcome collective action problems in dealing with externalities like climate change? Is government intervention needed to break the deadlock and allow markets to act in their own long-term interests?
5. How will megacities account for the externalities on which their existence and survival depend?
6. How can we find a way for banks to agree on common standards to drive technological innovation?

APPENDIX E NATURE OF MONEY TABLE QUESTIONS

1. How can we define a new monetary system that might work?
2. Should money have a 'memory' so we know where it has been?
3. When will politicians realise that fiat currencies damage world trade – and how do we convince them?
4. Will the nation state still be the issuer and guarantor of currencies?
5. What is the impact of trust on finance?
6. Who will be in charge?
7. How can a sustainable, self-regulating, equitable and efficient money be designed and introduced?
8. Did markets manage to adequately connect economic price with long-term sustainable value?
9. Could the growth of mutually owned assets and organisations be combined with local currencies to create sustainable prosperity?
10. If the 19th century world order of nation states was an entrepreneurial elite of robber barons, and the 20th century an organisational elite running on Americanised world order in the name of economic efficiency and mass democracy, will the 21st century be a globalised, informational elite with a 'numerati' whose mastery of the new 'technosphere' will define a geographically dispersed yet intellectually and financially concentrated new world order?
11. Parochialism.

APPENDIX F SOCIETAL ISSUES TABLE QUESTIONS

1. How can 'mutualism' (broadly construed) be best promoted in finance without diluting it?
2. Why has the oligopoly of banking not broken down? The City, investors and society as a whole would all benefit if there were real competition and a proliferation of players.
3. How does the finance sector exacerbate inequality and how could it be redesigned to change that to the contrary?
4. How does society make money-holders accountable and responsible for the proper use of their money?
5. How can we ensure fair play in any system?
6. What would ensure that ultra high-net-worth individuals (UHNWIs) are as concerned about income inequality as reducing or avoiding tax?
7. Does fairness + inclusion = equality?
8. In a civilised country such as ours, if the government/welfare state is going to be obliged to 'rescue' those who fail to provide for their old age anyway, and if the state remains the most morally trusted entity for extremely long-term financial relationships are not initiatives which encourage private pension provision a dangerous distraction and a false hope?