



# Gresham College

*"New Learning"*

## Risk, Equality and Opportunity The Roles For Government Finance

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# A Role for A Rôle?





# Outline

- ◆ Outcome profiles & success measures
- ◆ Benefactor
- ◆ Enterprise
- ◆ Guarantor
- ◆ Investor
- ◆ Sorcerer's Apprentice



“Get a big picture grip on the details.”

*Chao Kli Ning*

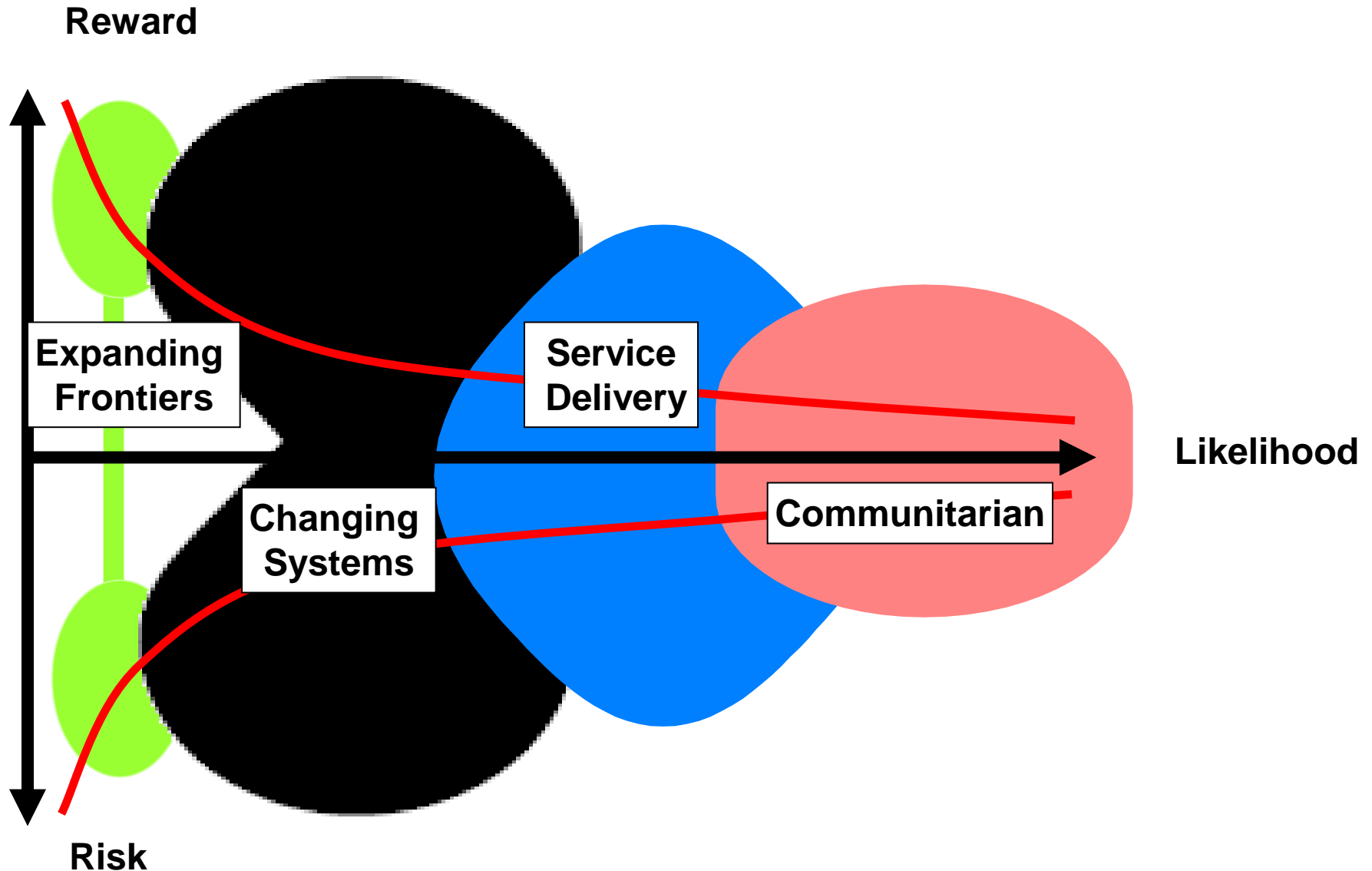


# Framework for Government Finance

Role	Expanding Frontiers	Changing Systems	Service Delivery	Communitarian
<b>Reward Enhancement</b>	Invention	Transformation	Enhancement	Happiness
<b>Volatility Reduction</b>	Policies	Standards	Quality	Cohesion
<b>Risk Avoidance</b>	Research	Prevention	Benefits	Welfare

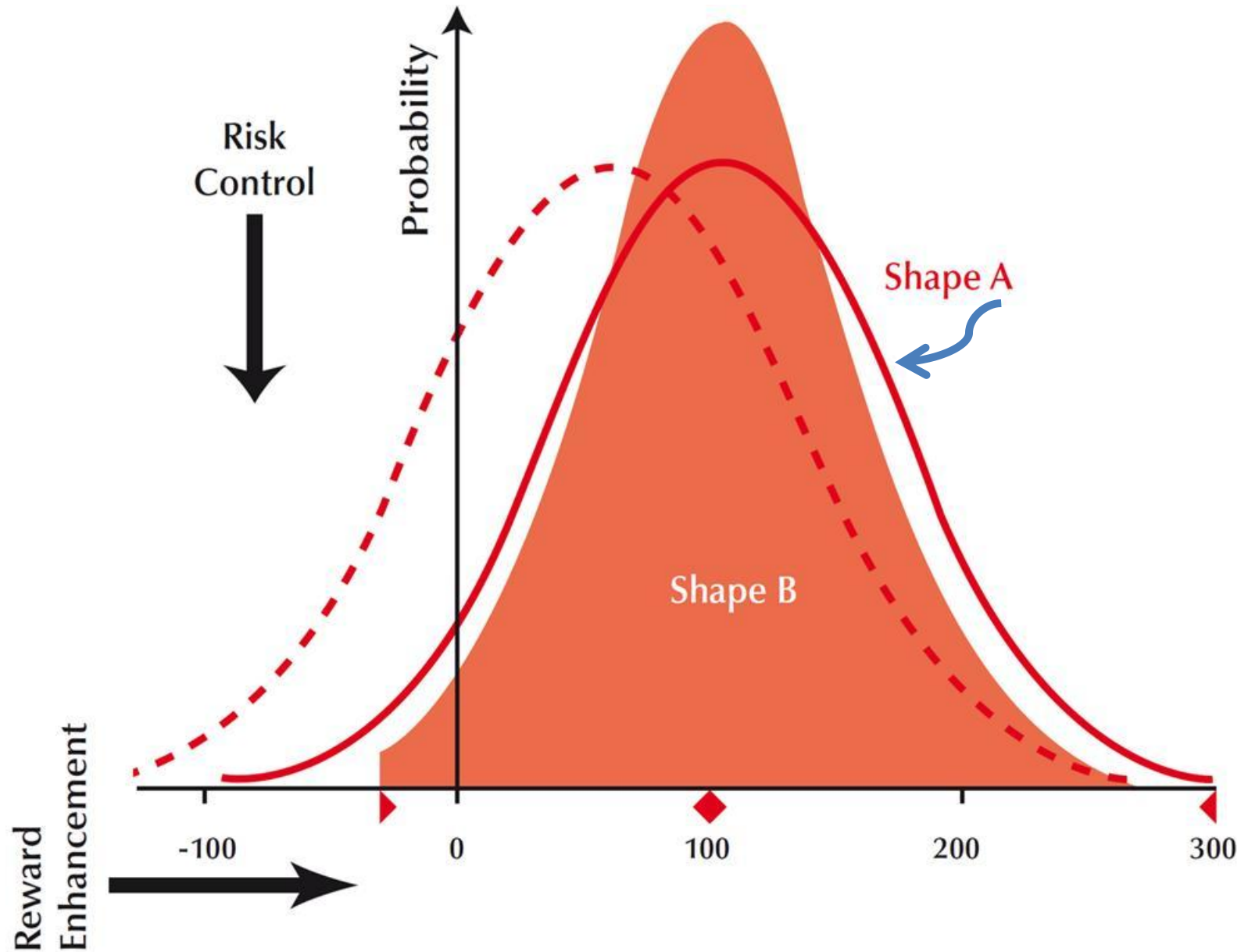


# Outcome Profiles





# Success Measures





# Dirty Dozen

Role	Expanding Frontiers	Changing Systems	Service Delivery	Communitarian
<b>Reward Enhancement</b>	Invention	Transformation	Enhancement	Happiness
<b>Volatility Reduction</b>	Policies	Standards	Quality	Cohesion
<b>Risk Avoidance</b>	Research	Prevention	Benefits	Welfare



# Communitarian

Role	Expanding Frontiers	Changing Systems	Service Delivery	Communitarian
<b>Reward Enhancement</b>	Invention	Transformation	Enhancement	3 - Happiness
<b>Volatility Reduction</b>	Policies	Standards	Quality	2 - Cohesion
<b>Risk Avoidance</b>	Research	Prevention	Benefits	1 - Welfare





# Government as Benefactor



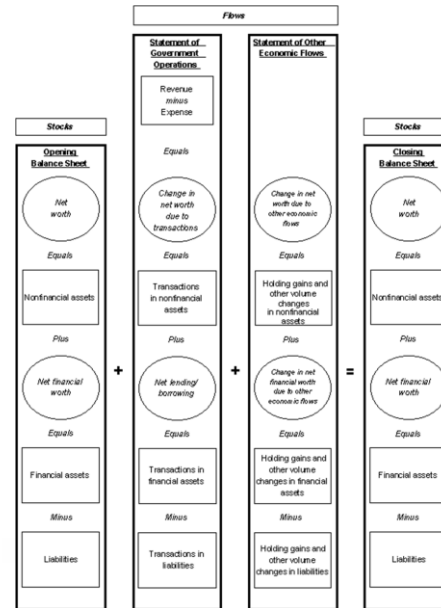


# Service Delivery

Role	Expanding Frontiers	Changing Systems	Service Delivery	Communitarian
<b>Reward Enhancement</b>	Invention	Transformation	6 - Enhancement	Happiness
<b>Volatility Reduction</b>	Policies	Standards	5 - Quality	Cohesion
<b>Risk Avoidance</b>	Research	Prevention	4 – Benefits	Welfare



# Government as Enterprise





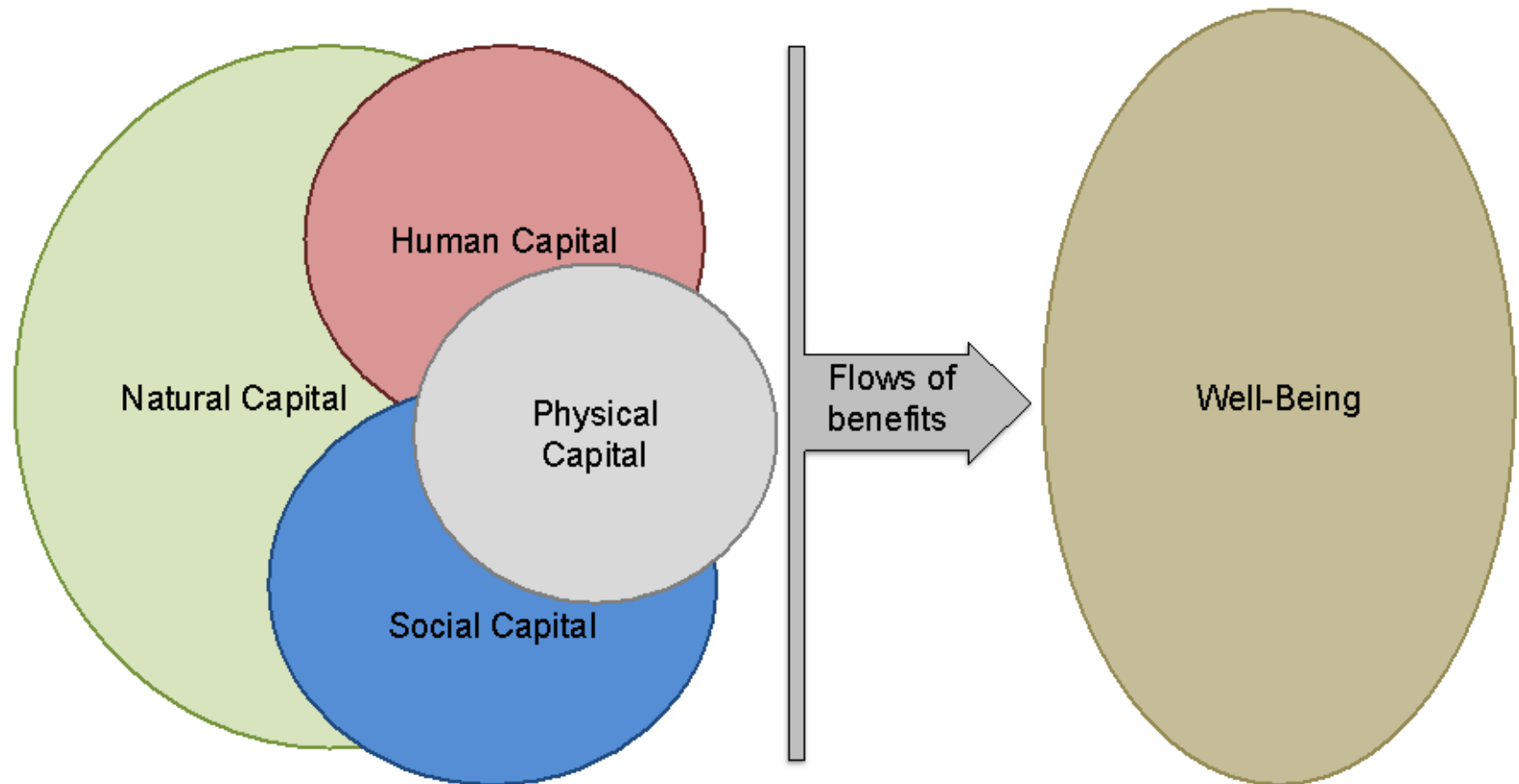
# The Balance Sheet Of Prosperity & Happiness



[source: adapted from Stiglitz E., Sen A., Fitoussi J.P. *et al*, "Report by the Commission on the Measurement of Economic Performance and Social Progress" (2009)]



# Who Owns The Capital?





# Changing Systems

Role	Expanding Frontiers	Changing Systems	Service Delivery	Communitarian
Reward Enhancement	Invention	9 - Transformation	Enhancement	Happiness
Volatility Reduction	Policies	8 - Standards	Quality	Cohesion
Risk Avoidance	Research	7 - Prevention	Benefits	Welfare



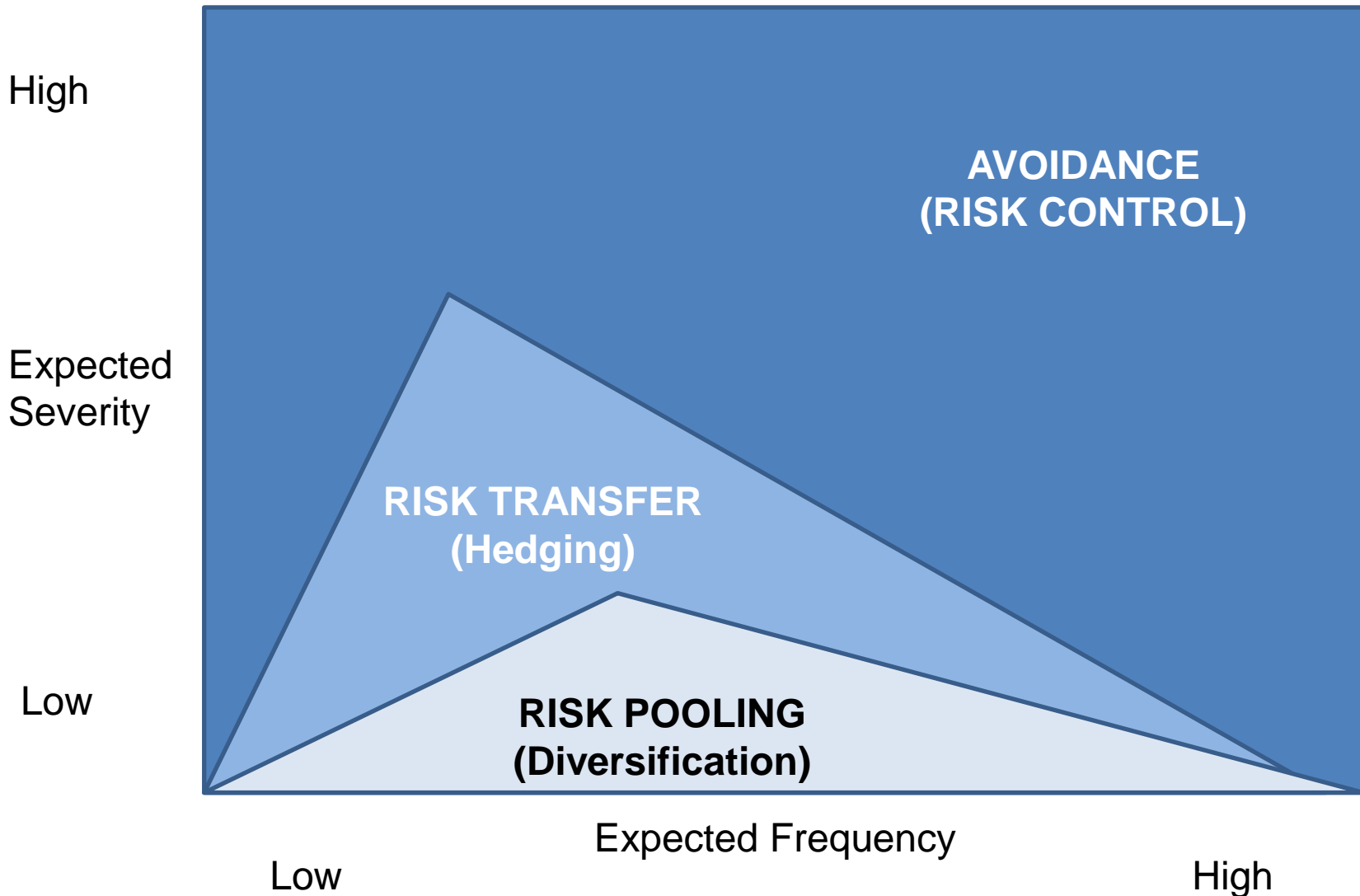
# Government as Guarantor





# Commercial Approach To Risk Finance

[adapted from Michael R Powers, Acts of God and Man, Columbia Business School Publishing (2012), page 117]

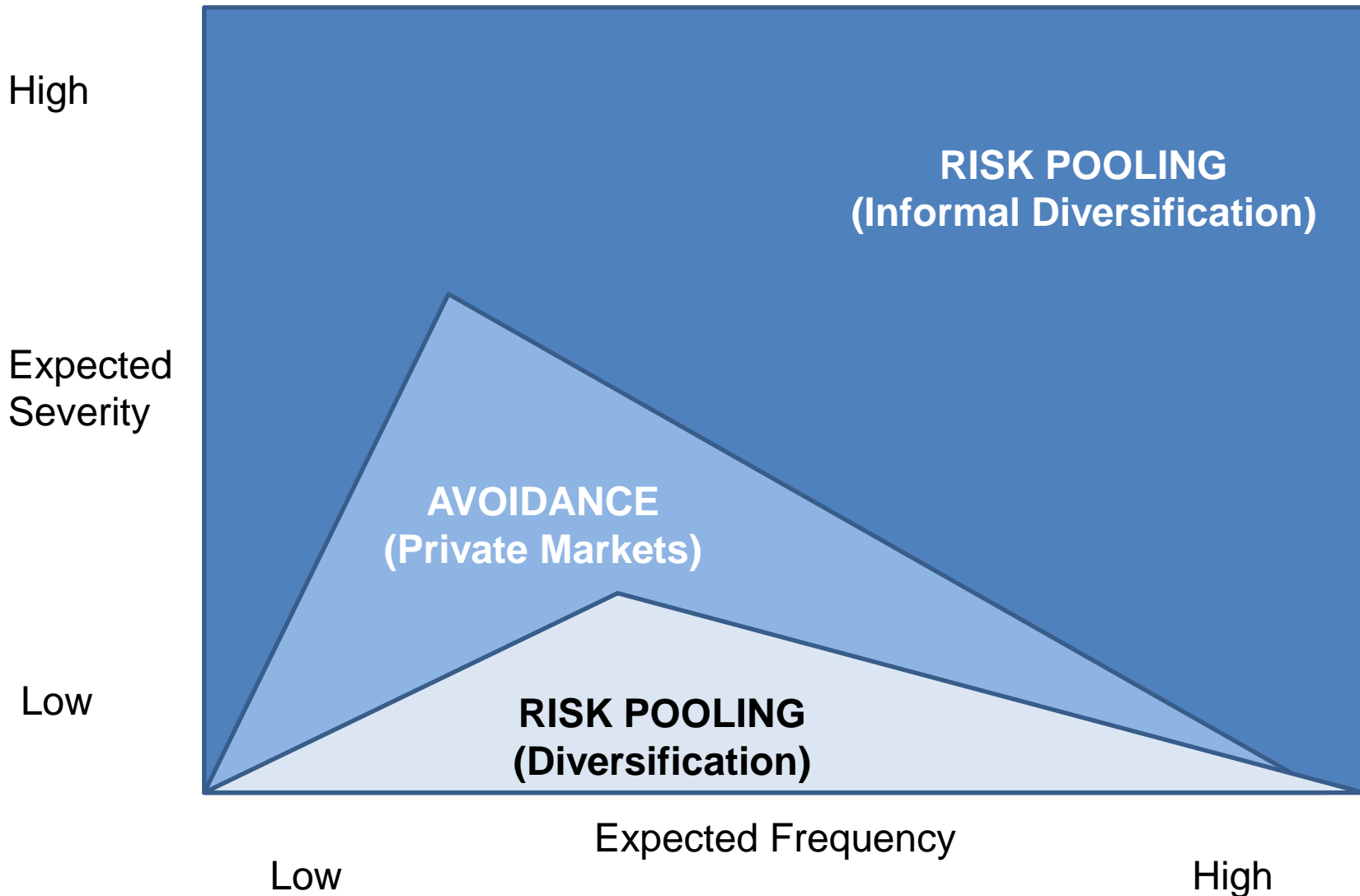






# Government Approach To Risk Finance?

[adapted from Michael R Powers, Acts of God and Man, Columbia Business School Publishing (2012), page 168]



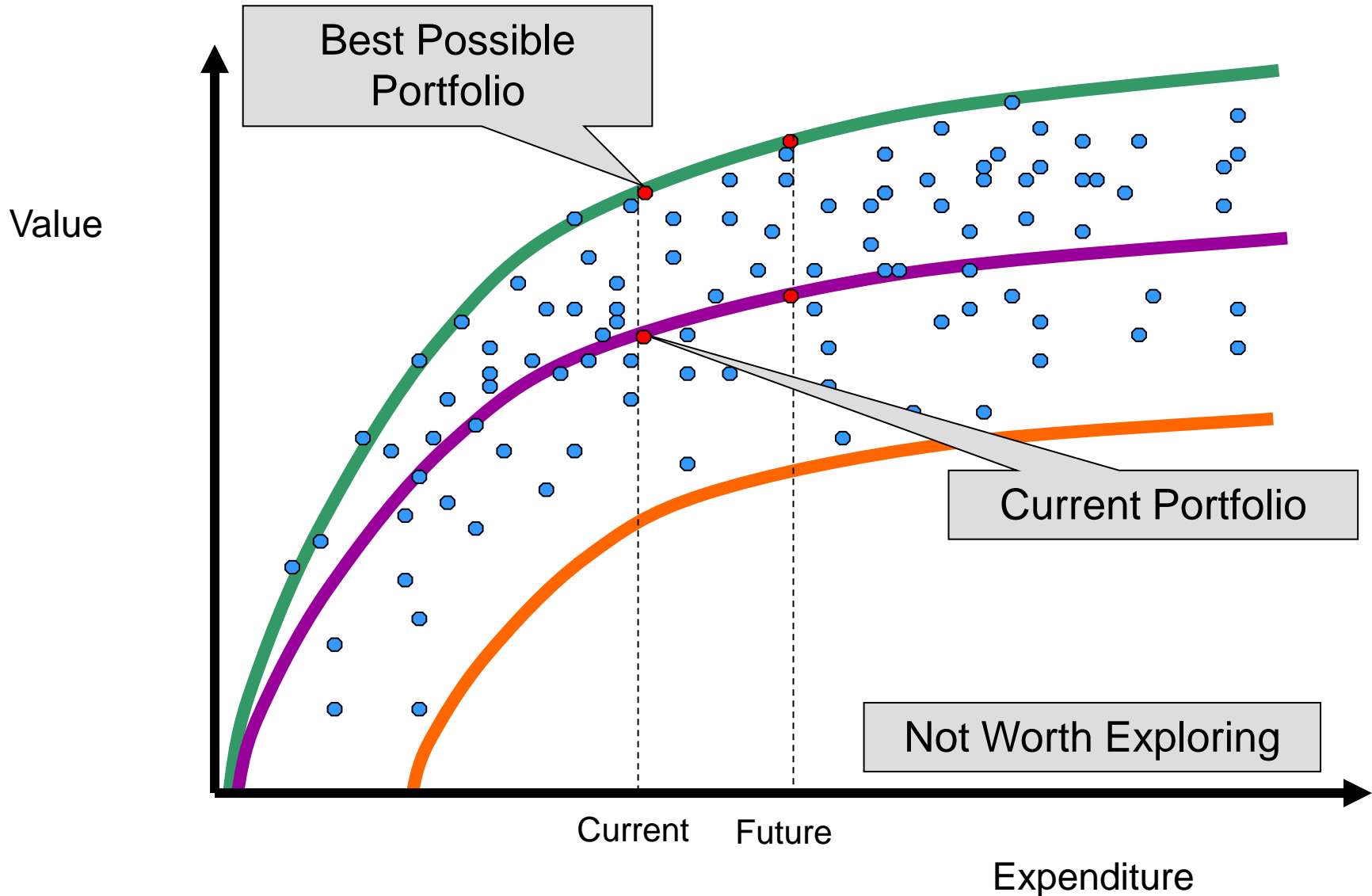


# Expanding Frontiers

Role	Expanding Frontiers	Changing Systems	Service Delivery	Communitarian
<b>Reward Enhancement</b>	12 - Invention	Transformation	Enhancement	Happiness
<b>Volatility Reduction</b>	11 - Policies	Standards	Quality	Cohesion
<b>Risk Avoidance</b>	10 - Research	Prevention	Benefits	Welfare

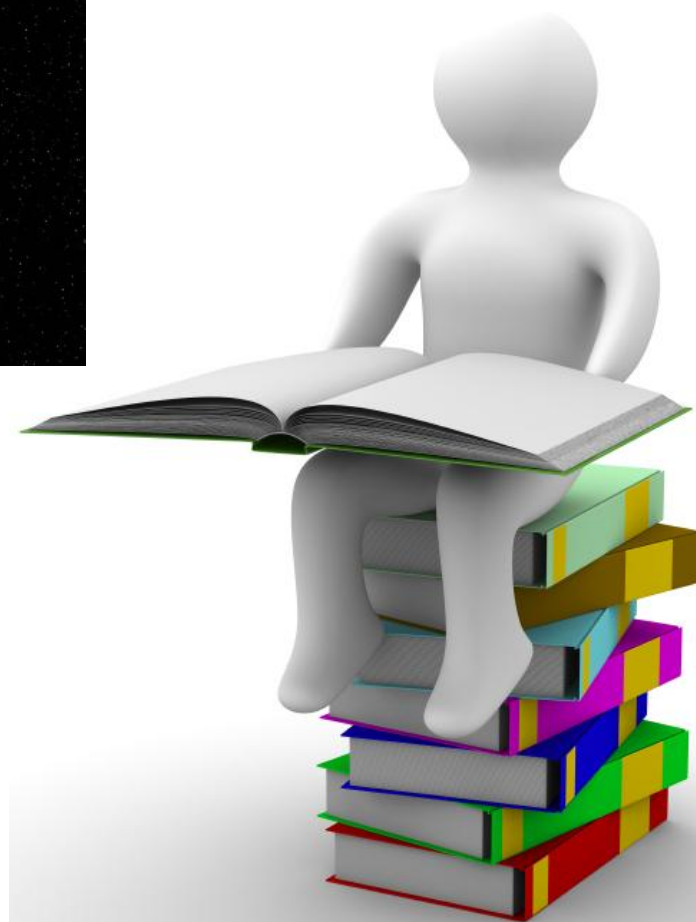


# Portfolio Management



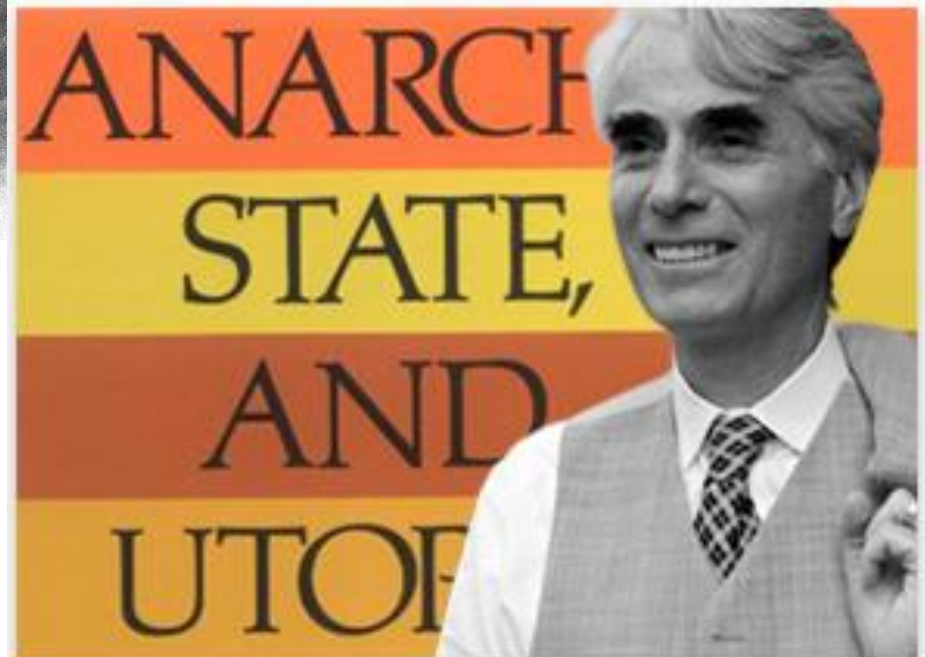
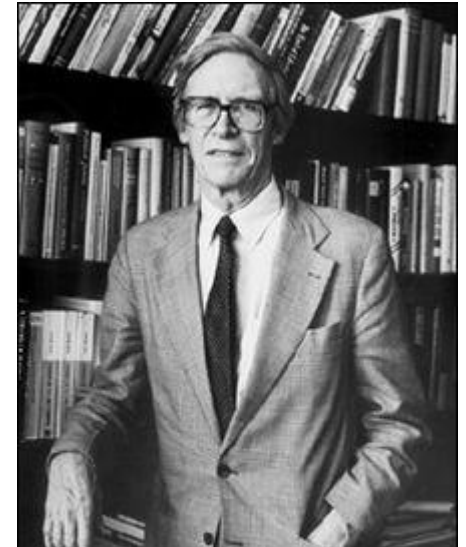


# Government as Investor





# Monopolies On The Force Of Ideas?

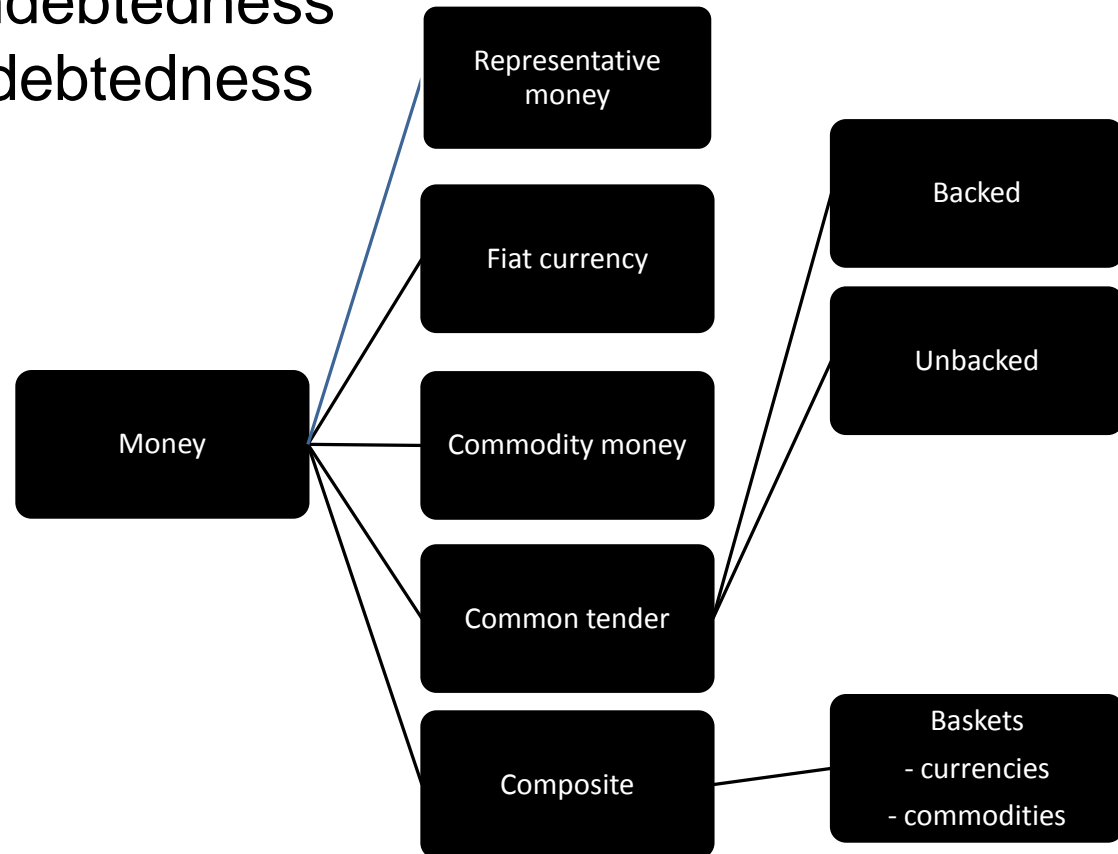


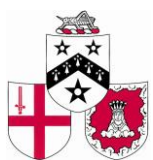


# Money as a System?

Communities form when people are prepared to be indebted to one another:

- basic membership indebtedness
- recorded indebtedness
- tradable indebtedness

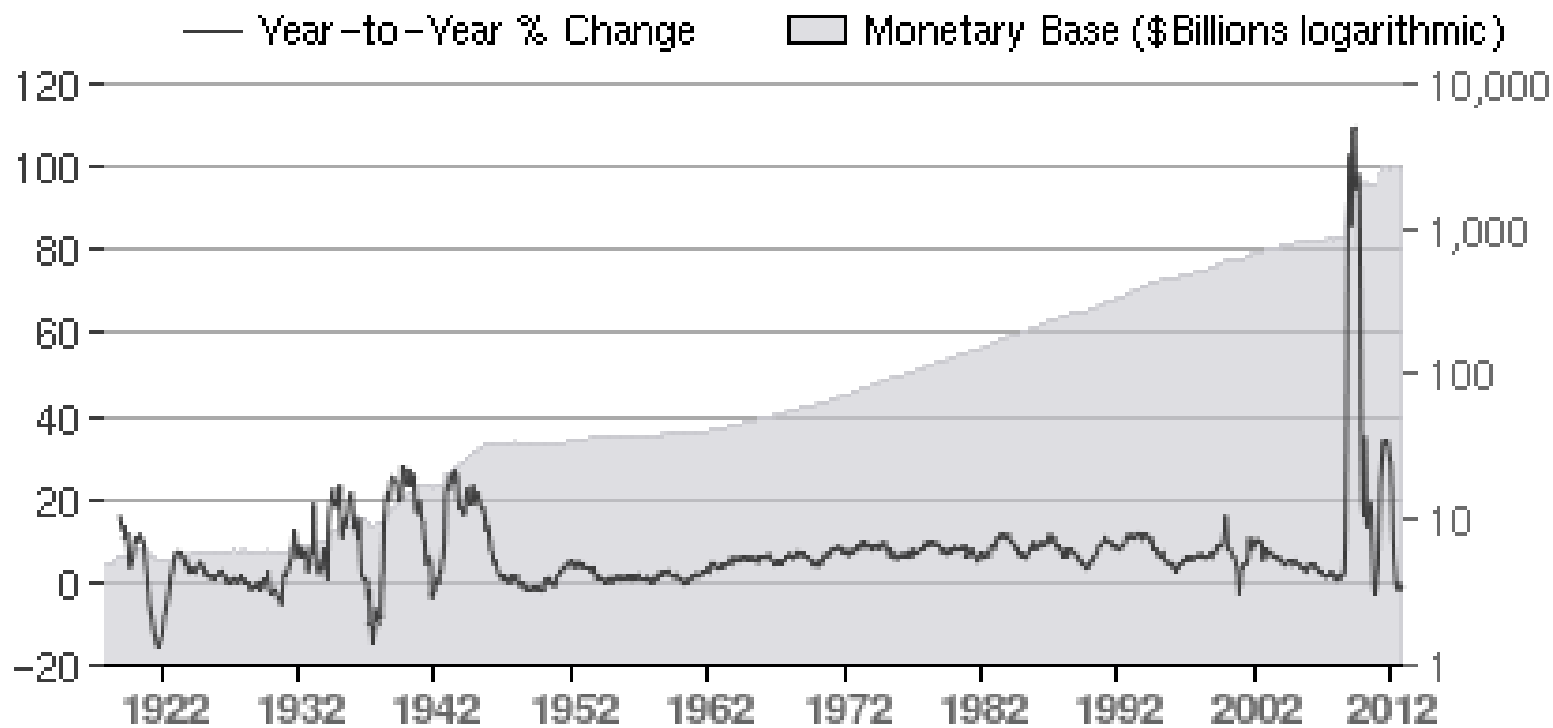




# The Basis Of Trust?

## *Monetary Base*

Mthly Avg. Seasonally Adj. Jan. 1918 - Oct. 2012 (FRB)



Published: Nov. 16, 2012

*shadowstats.com*





# Government as Sorcerer's Apprentice



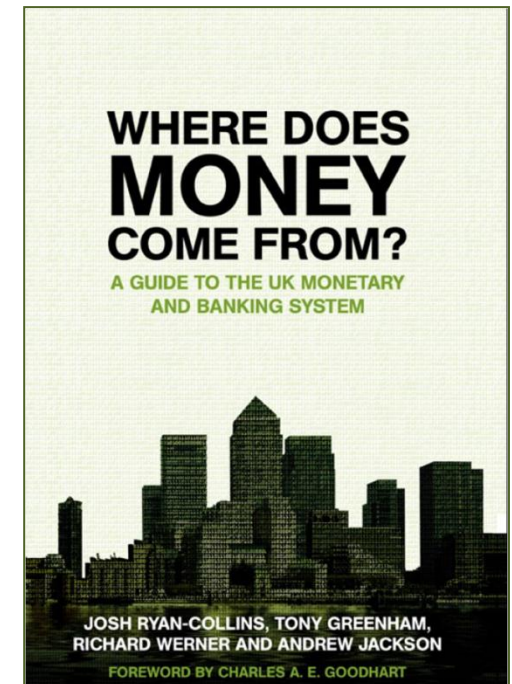
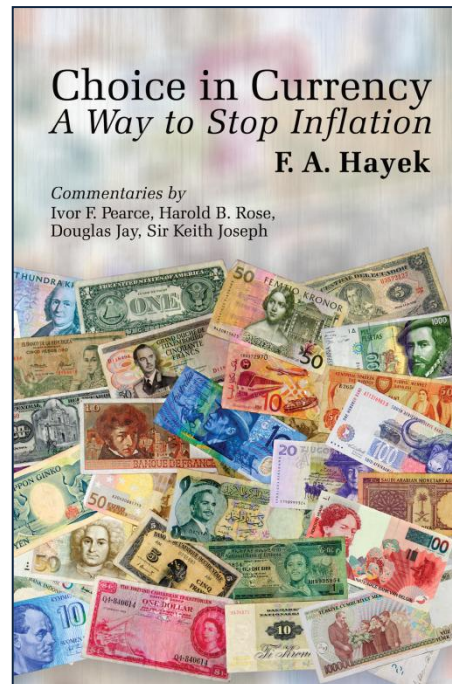
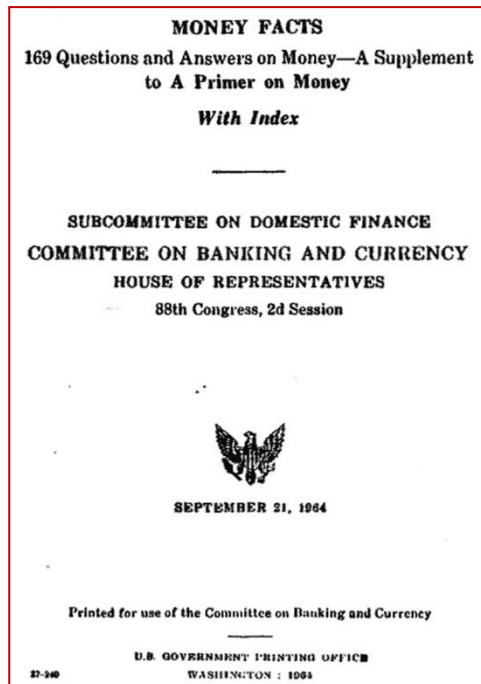
[Source: "Goethe's Werke", 1882, drawing by Ferdinand Barth (1842–1892)]





# Not Too Creative?

- ◆ Self-referential system upon which all our analysis is based
- ◆ What does GDP mean?
- ◆ Are competing currencies good or bad?
- ◆ Should money be a long term store of value?





# The Rôles of Government





# Government Finance

Investor

Guarantor

Enterprise

Benefactor

Role	Expanding Frontiers	Changing Systems	Service Delivery	Communitarian
Reward Enhancement	Lotteries, prizes, co-investment	Achievement funding	Charge, spend or subsidise	Spend or subsidise
Volatility Reduction	Policy performance bonds	Standards, minimum wages, vice taxes, tolls		
Risk Avoidance	Research spend	Insurance/ Reinsurance		



Sorcerer's Apprentice  
**Fiat Currency**





# Risk, Equality And Opportunity

## The Roles For Government Finance

Thank you!



“Get a big picture grip on the details.”

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