

# Transfinancial Economics

From P2P Foundation

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Transfinancial Economics is an evolving project nearing basic completion. It should be said that there has been a degree of interest in it from some economists including Professor Prem Sikka, and the noted autodidact, and futurist Hazel Henderson. In April 2010 it was also a subject discussed at a major scientific conference (the ICEME, or International Conference of Engineering, and Meta-Engineering, Florida, USA).

It is important to add that TFE regards the financial system as a huge global IT system, and recognizes the reality that virtually all money exists as electronic, or digital data transmitted from one bank account to another. This means that the free flow of capital can be tracked, and controlled if necessary.

It must be said that the serious, and full development of TFE will require the help of "open minded" experts notably in the fields of economics, the law, and computer science.

*Please note that the following may be subject to changes, and possible corrections. It is still a "work in progress" project. Also, the Kheper presentation on TFE which crops up on the google search engine is out of date, and not fully authoritative. It may be replaced, or deleted fairly soon.*

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## TFE, A Brief Introduction.

The following maybe helpful for new readers.

Essentially, TFE claims that new largely monitored non-repayable money could be created electronically by special transparent, and credible funding mechanisms, or Facilitation Banks (and/or by governments to some extent) This could notably fund in full, or in part environmental, and socio-economic projects of high ethical value. This would help to **speed** things up unlike loans.... though interest free ones could also be created

electronically when necessary. The aim of all this is also to give powerful financial incentives to businesses that could profit with genuine projects, and more importantly help save the planet, and its people as far as possible from extreme weather events which could occur via Climate Change, and Global Warming.

What has been suggested above is Primary TFE, and the amount of new money created is more limited unlike Advanced Stage TFE. To avoid any serious inflation the planning of any large, or small project could if at all possible take into account the productive capacity of suppliers. Thus, products, and/or services could be planned beforehand so that there is as far as possible no unexpected demand. This could be further reinforced if the costs of the relevant products could be electronically tracked, and controlled. In other words, we would have a two tier system ideally on a global scale in which we would have a more "controlled" economy, and ofcourse the present Free Market one in the developed world. In other words, we would have a form of Advanced Market Commitment, or AMC.

A startling aspect with so-called Advanced Stage TFE is the possibility to gain a near perfect knowledge of the entire economy of the country. The data via full Electronic Transaction Monitoring (or ETM) would be collected 24/7 in "real-time" via the ID codes, and barcodes of products, and services at the point of sale, or later transactions with banks. Such transaction data would not just be useful to the companies but could be simultaneously transmitted to a resource/inflation agency. It is there that supercomputers could be used to instantly check the Free Market Prices of goods, and services. Due to comprehensive programming price comparisons are made in "real-time", and inflationary pressures would be detected. This transaction data would be vital to bring about wholesale sea change towards an environmentally sustainable, and socially ethical economy, as more, and more new electronically monitored non-repayable money could be created **with real confidence**, and without any serious inflation. As we would have a highly accurate understanding of the real economy inflation risks could be accurately assessed via computer simulations of the economy itself. This is revolutionary when fully understood. *However, it cannot ofcourse fully rule out uncertainty.*

Moreover, it may be possible to develop a limited form of ETM. This would be alot quicker to set up, and could be undertaken on a local, or national scale. This is to some extent explained in the main body of this p2p foundation entry.

Anyway, another aspect of Advanced Stage TFE, and full ETM is taxation itself could possibly be phased out. Moreover, with advanced TFE fuller funding of charitable NGOs would also become possible, and fundraising could ultimately be phased out altogether. However, as with Primary Stage TFE productive capacity is still taken into account as far as possible but with Advanced Stage TFE a "clear" picture of it would emerge.

If, at all necessary there would be direct electronic controls to ensure inflation, and currency devaluation can never get out of hand. This would involve an instantaneous intervention with little, or no time-lag...(unlike interest rates, and taxation which could be phased out in time). The direct controls concerned would in the main probably involve the electronic creation of "subsidies".. (ie. new money not earned from taxes at all), or inflation "adjustments" in real terms at the point of sale, and the cashier may inform the customer of it. In other instances, an instant inflation "tax" might be necessary in which the deducted amount could be taken off. In most, if not all cases probably, it could be recreated electronically in the bank account of the customer, and the

retailer. However, as far as income tax is concerned it is allowed to continue via conventional means for its collection rather than undertaken by some form of "instant" electronic deduction(s).

It is also important to point out that we are not discussing a Soviet style command economy, because the Free Market Price is largely maintained, and Capitalism in an increasingly more ethical form (due to increasing powerful financial incentives) would still continue until there is "full" automation when money, and wage slavery would no longer exist. Hopefully, a more advanced technological, and more moral human civilization will largely emerge based on improved democracy, universal human rights, and greater fairness. In other words, global justice.....As can be seen TFE is concerned essentially with a systems change to achieve these lofty goals.

*PS. Facilitation Finance should be seen as a more advanced form of Quantitative Easing, or QE for short. Also, if possible, and if "necessary" Primary TFE could be skipped, and Advanced Stage TFE could be introduced.*

## **Present Day Economics.**

Mainstream economics has developed a somewhat appalling reputation as the dismal science. Most of its work appears to be largely theoretical, and based on questionable statistics, and mathematical modeling. Its economic forecasts often, or not turn out to be wrong. Moreover, there is still an obsession with the need for more, and more unsustainable growth even though the planet has finite resources.

The so-called Neo-Classical Economists still have great influence over the economic profession. Many of them believe in the Free Market in which little, or virtually no regulation is needed, as capitalism appears at large to do well by being largely unimpeded. Yet, it received a battering with the "recent" Great Financial Crisis(GFC) in which the entire global banking system nearly collapsed and was notably saved by massive bailouts. Many commentators pointed out that this was largely due to a lack of real, or good regulation of banks though ofcourse other factors were involved.

Transfinancial Economics, or TFE itself is a form of Heterodox Economics which deals with mainly non-mainstream economic thinking. At the time of writing many governments notably in the Eurozone have resorted to varying degrees of austerity rather than the Post-Keynesian Economics in which governments spend their way out of recession (due to the GFC). TFE believes in some form of the latter as a means of creating new jobs especially in the green economy.

## **The Creation Of Money.**

In TFE ofcourse, money is recognized as being largely digital, or electronic data which can be transmitted from one bank account to another at the touch of a button. Elected democratic governments create it as paper cash, and coins which are the basic physical means of exchange. This makes up a tiny, often near non-existent portion of the money supply itself. This is spent into the economy as something non-repayable. Furthermore, virtually all of it is created electronically out of thin air by mainly private banks via Credit Creation as a repayable loan with interest charged on it. In other words, unlike what many people may think they do not actually lend out existing money from their reserves. The amounts they can issue are meant to be limited by a fraction of the reserves held. This has been aptly called on occasion Fractional Reserve Banking. NGOs, such as Positive Money, and the American Monetary Institute are concerned with this, and other related matters.

Anyhow, a small minority claim that banks as soon as they create new money try to back it up with borrowed money from elsewhere. This seems more credible, but official documents appear to suggest that some form of "fractional reserve" banking persists...though the reserves "limits" are probably ignored altogether by banks to leverage their "assets" (translated here as the amount of new money created ex nihilo). As can be seen it is clear that the topic of how banks "create" money as credit, or loans is still subject to controversy.

Some radical monetary reformers also believe (like the Muslims) that loans should be free of interest, or usury. Others though claim that interest should still exist, and could either go to private banks, or to the government. A number of reformers like the idea of banks possibly being nationalized, and others believe they should remain in the private sector.

It is also claimed that new non-repayable debt free money could be created by governments, and this could reduce taxation. As the evidence seems to indicate if enough of it is produced it would not lead to serious inflation.

Apart from the above radical monetary reforms there are made up free local currencies which strictly speaking are meant to be tax free, and interest free. These have obvious limitations, but they are easily set up, and are workable. However, new virtual currencies notably Bitcoin have a more global reach.

TFE is also regarded by many as being very similiar to Social Credit, and Modern Monetary Reform, or MMT (notably based on Chartalism, or Neo-Chartalism). Both notably believe in the responsible creation of new debt-free money. Inflation could be controlled by conventional means (ie. the raising of of interest rates, and notably direct, and indirect taxation to reduce money in the economy).

Yet, whether we like it, or not, Advanced Stage TFE ultimately gives policy makers, and technocrats *full confidence* that new money could be "safely" created in contrast arguably to "conventional" methods notably suggested in MMT, and Social Credit. Moreover, in TFE they would be electronic, and instantaneous unlike raising (inflation)taxation, and interest rates. The latter methods could be phased out altogether.

Some people would say that the notion of creating new non-repayable money is funny money. But as we have seen here in connection with banks they themselves create it ex nihilo as something repayable. Moreover, we are not discussing easy money because controls on its electronic issuance would be legally credible, and transparent.

To some, the notion that new money could be created at the push of a button is socially unacceptable. Yet, social, economic, and political injustice is also unacceptable especially if there is a lack of conventional earned

funding available to back up NGOs, (green) businesses, and governments to deal with it. *This gives newly created money a new higher value, and ethical dimension as never before.*

### **The Problem With Redistribution.**

There is probably more than enough money to change the world. *The problem is gaining legal access to it especially where there is a genuine social, economic, or environmental issue at stake.* Apparently, most of the money of the world exists in financial trading, or "betting casinos" dealing with derivatives (eg. currency speculation). Indeed, the sum total of the capital involved may be several times greater than the entire Gross Domestic Product(GDP) of the planet...

Some activist groups have suggested the implementation of the Financial Transaction Tax (FFT) to raise funds in the real productive economy. In TFE such an approach at "redistribution" in this context is ultimately seen as unnecessary, and frankly absurd when sufficient sums could be created at the press of a button. Indeed, it is interesting to point out that the Transaction Tax may well be an instant electronic deduction.

*Redistribution of financial wealth using taxation is fine, and ethical as far as it goes. But the problems facing humanity such as food security, climate change, population growth, and the like are colossal. To try, and solve this via earned money alone through taxation, and business investment will probably become increasingly difficult. Hence, the need for TFE to speed up, and facilitate change using in full, or in part newly created non-repayable money as an add on where necessary to earned capital. In other words, direct financial easing by special Facilitation Banks, and/or by governments if absolutely necessary.*

### **The Emergence Of Facilitation Banks/Primary Stage TFE**

The introduction of Smart Banks, or rather Facilitation Banks, or FBs is a crucial start towards full implementation of Primary Stage TFE in which limited amounts of new money could be created. They can be seen as "superbanks", or as prototypes of future banks, and banking. They could become a part of the mainstream banking system but they have a far tighter regulatory framework to operate in. However as indicated earlier governments could also create their own money electronically with the right legal framework. They could use FBs, or do it themselves.

Anyway, FBs would have powers to electronically create closely monitored new non-repayable debt-free money (ie. Facilitation Finance ) as well as repayable interest free loans if necessary. The interest on loans does not have to come from the customer but instead be electronically created by the Central Bank, or by some independent authority. Something similiar could happen with the debt-free capital. In other words, an operating cost ideally, or alternatively "grant interest".

The basic aim, and purpose of such FBs is to create funds for projects which would be difficult if not "impossible" to finance by conventional means as indicated earlier on. Their remit though is largely targetted at investing in full, or in part in large, or small-scale concerns to do with renewable energy alternatives, enviromental projects as well as social/ethical "entrepreneurial" businesses. The decision making process on all this must be largely, if not wholly free from any undue influence from governments, and corporations. It must notably be transparent, holistic and "objective" as possible with all options for consideration for some specific project, or projects that could be vital for the social, and environmental "health" of the planet. In the main this would require bona fide experts in their respective fields. It could involve partnerships with governments, NGOs, and existing green businesses.

Ofcourse, when ready, investors using their own earned money could put it in some commercial project in order to gain a return. Indeed, their assets could be financially protected by the FB should the economy of any country face any serious problems, and hence, avoid capital flight.

A interesting feature of FBs is that in theory at least it could electronically create infinite sums of capital. As indicated earlier, mainstream banks are very similiar in this respect except that they cannot legally create new money as something non-repayable.

However, quite unlike mainstream commercial banks, the financial dealings of FBs are continually tracked electronically to prevent fraud. Such a process could be undertaken by a Central Bank, or by some other credible body which could also *impose instant fines electronically as part of a legally binding contract*.

Anyhow, the amount of money which FBs can create is dependent on the costing of relevant resources, or products from suppliers. This is known as Resource Capacity Requirements, or RCRs. Essentially, it means that the amount of goods needed to be manufactured for some project would need to be planned in advance. Ideally, if possible, checks on the relevant suppliers in the supply chain as to whether they have capacity to produce such resources could be undertaken. Capacity though could be increased if necessary by the FB. Ofcourse, it would be possible to have the relevant products (and services) on order to be electronically monitored whenever money is transmitted. In effect, we could have a "protected" economy running alongside the present Free Market system.

With the aid of experts it is hoped that Facilitation Banks, and indeed, Facilitation Finance in the context of TFE will become a serious proposition. This innovative financial model would certainly be more advanced than anything created by such controversial global institutions as the World Bank, and the International Monetary Fund. *Indeed, FBs would not lead to "competition" with "normal" mainstream banks as the latter could possibly have equal shares in the FBs, or some other legal arrangement(s)*. Understandably, some NGOs may regard them with suspicion but hopefully this will be dispelled if everything goes to plan "successfully".

Critics will probably point out that elected governments alone should have the power to create Facilitation Finance rather than mainly private companies such as the FBs (though they could be in part be owned by the state in full, or in part). The reason for emphasis on the latter approach is that it is hard to see that a country notably like the US which is still a world economic power (at the time of writing) would frown on the idea of greater government interventionism in the so-called Free Market Economy. Thus, something like FBs may be more agreeable, and their influence towards more environmentally, and ethically centred businesses would be more agreeable. Rather than more, and more regulation (which ofcourse could be "difficult" to pass into law by many countries notably America especially if they classed with some major vested interest) they would be able to "nudge" certain commercial enterprises as never before to reform themselves using financial incentives (ie. notably commercial grants, and where necessary interest free loans). Already, quite a number of businesses to a limited degree try to appear green to their customers as they see this as a good selling point.

Some business leaders would claim that using "normal" market strategies rather than resorting to "subsidy" like

incentives should be possible. Ethical investment could be seen possibly an example of this in which shares, or securities are bought up in environmentally, and socially ethical companies. However, TFE is a far more powerful approach, and could complement where necessary existing "green" schemes such as the one mentioned here.

## **Democratic Governments, And Taxation.**

In TFE, taxation could be phased out overtime. In other words, earned money from the people would be gradually reduced in terms of tax liability as new debt-free money is *slowly* phased in. In other words, Facilitation Finance by democratic governments. This would not lead to serious inflation especially when a system of electronic monitoring of transactions is undertaken (ie Advanced Stage TFE). This is explained a little later. Moreover, as with FBs ofcourse the Resource Capacity Requirments, or RCRs are used in debt-free money creation. This could be carried out by a body independent of the Treasury, and would be electronically monitored to avoid any chance of serious deficit spending.

At the present time, democratic governments could arguably create money electronically directly. This could come about with the relevant legal arrangements. At present though If there are shortfalls in tax revenues governments can issue bonds. These are IOUs mainly sold to the rich, and super rich companies, and corporations in which money is lent to governments. When paid back the bonds also carry interest which act as profit for lenders in the private sector. In other words, a good example of debt-based economics.

In Quantitative Easing governments again create bonds, and these are bought up by the Central Bank. Strictly speaking, the latter is able (unlike the former) to create new money directly, and electronically. But it seems a little absurd that publicly elected governments cannot directly create new money electronically into the real productive economy itself rather than trying to back up banks to "encourage" them to create, or lend new loans *ex nihilo*. In TFE ofcourse, QE in its more advanced form notably should be known as *Facilitation Finance*.

Bond trading is a huge global market. With TFE it could be gradually phased out if desired. Investors could receive compensation, or alternatively other kinds of financial instruments, or investments could be found. These could be far more lucrative. *In other words, vested interests would not find TFE a threat thus making global change quicker, and easier to achieve.*

Lastly, the so-called sovereign wealth funds of governments investing in the markets to raise money could continue if desired. Strictly speaking, they would not be necessary as the electronic creation of new money could be created in sufficient amounts.

## **Electronic Profile Of The Economy In "Real-Time"/Advanced Stage TFE.**

Most products, and services in the business world have codes for ease of accounting. Small shops, and supermarkets often, or not have barcodes which are used at checkouts to electronically account for sales transactions of customers. This is known as the Electronic Point of Sales, or EPOS. This notably gives retailers an accurate understanding of the demand of certain barcoded products along with their identifications, or IDs.

Such a method known as Electronic Transaction Monitoring, or ETM could be used to create an electronic profile of the entire economy in "real-time". Under new laws retailers would not only account for their sales but would also at the sametime transmit their information to a public, or semi-public authority (which could be a part of the banking system). With modifications in barcodes, and business codes in general such transaction data (largely identified but not always..plus some legalized commercial confidentiality which could have a high degree of non-disclosure of data, or possibly exempted altogether) would be able to build up a highly accurate electronic GDP of the economy on a daily basis (ie.24/7). But why is this necessary, and important? The answer is three-fold.

i) *To electronically monitor, and track, and compare price changes of specific groupings of most products, and services.*

If serious rises in prices occur they could be targetted by direct electronic controls rather than always using indirect controls of taxation, and interest on loans which would be phased out overtime. This process would involve advanced, and highly credible computer programming, and the possible use of supercomputers by banks connected with the inflation authority. A more decentralised version of this could also exist.

ii) *To create a highly accurate electronic "audit" of resources used to make up products, or goods.*

This will become increasingly vital as scarcity increases. Such data would be good for democratic government planners, and more importantly for private business planners.

iii) *To bring about a greater understanding of the mechanics of the economy itself.*

This may be very useful for future economists. With computer simulations, and projections garnered directly in real-time from ETM of the real economy itself it would be likely to possibly forecast the inflation risks involved in the creation of new debt-free money for certain vital projects. It would also give us direct data of the capacity of various "small" companies, and corporations which would be essential for correct funding by FBs, and democratic governments.

Indeed, the origins of potential business cycles of boom, and bust could also be tracked, and resolved. This is a very important point.

However, all this cannot fully rule out uncertainty, and the irrational behaviour of the markets. But everthing could still work well in spite of this as TFE is a robust system.

It is clear that existing Economic Indicators would be largely, if not wholly superseded by the new "electronic economy" proposed. This is revolutionary.

It is important to understand that ideally only those businesses which make serious, and genuine efforts to be environmentally friendly, and ethical could ultimately receive a Zero Tax, and Zero Interest Status. There would be no real excuse not to do this because money from FBs, and/or democratic governments would always be

there. On the other hand, those enterprises which continue to use environmentally unsustainable technologies, and markets for the products, and services would continue to pay tax, and interest. But the door would always be open for them to radically change. Ofcourse, Facilitation Finance would ultimately be phased in to replace taxation, and interest per se.

However, IT Megaprojects such as the above often, or not fail. But there is no reason why it cannot be achieved in the future with greater insight garnered from the analysis of past experience. Thus, ETM on a national scale represents a real challenge, but it is one well worth undertaking as the social, economic, and political implications of it would probably be colossal.

### **Super Flexible Direct Electronic Controls, When Necessary.**

It must be made very clear that direct electronic controls, or specific interventions in the economy are used only if necessary. With the continous electronic monitoring of the Free Market Prices of the transaction of goods, and services the data which results is transmitted to the inflation authority where supercomputers are programmed to check any inflationary problems, and related matters. In other words, we are ofcourse talking here about Big Data, and Data Mining.

Yet, it must be said quite clearly that the correct programming is absolutely vital, and this could be based with likely modifications on existing formulas, and equations known in Econometrics used by economists, and then be adapted into a computer program as algorithms. Naturally, such an arrangement would have to take into account many variables in Free Marketing Pricing such as the value added to a product, or service. It should also be added that a producer of goods, or services would have to register on-line by law to ensure that their offerings can be correctly identified at the point of transactions by special barcodes, or like means. Certain products, and services though may not be easily "quantifiable", and maybe exempt.

In the future such electronic, or digital transactions will probably occur in the main with special smartphones. These can transmit, and receive money electronically. This could be a big step forward in the evolution of economics.

Anyhow, there are a number of things which the electronic controls (open to further development) could do whenever needed:-

#### **i) Automatic Inflation Deduction.**

When a price of a product being bought at a checkout is found to be above the inflation rate new money could be used to instantly adjust it to the "right" Free Market Price. The customer is alerted to this by the cashier. The Automatic Inflation Deduction is like a tax but the money taken at the point of sale is re-created electronically in the account of the customer, and/or the retail company. In other words, it is "temporarily" taken out of general circulation where the inflationary pressures are being "felt." If necessary, the money could be legally retained

electronically, and re-created into the relevant bank accounts at some later time.

Ofcourse, the Automatic Inflation Deduction could also deduct money in real terms (without electronic re-creation at all for the "tax-payer")but this is avoided unless it is absolutely necessary. All the same, this is arguably the most important basic "instrument" in TFE.

### ii) **Instant Electronic Price Subsidization.**

This is when a price of a product maybe below the inflation rate, and an instant subsidy, or "adjustment" is created electronically if necessary. This occurs at the point of purchase, and instantly checked by the inflation authority.This "adjustment" is transmitted to the relevant checkout, or cashier.

### iii) **Electronic Price Capping.**

Here, a maximun price may be set by a government, or by an FB in certain circumstances. If the price of production starts to exceed the maximun price, the producers would recieve instant financial help, or compensation where necessary. Ofcourse, electronic price capping should be avoided if possible as it could lead to serious shortages, and price distortions.

### **A Form of Limited Electronic Transaction Monitoring.**

A form of limited ETM could be introduced on a "local" scale. However, a national version could be "quickly" set up without the need to know the ID details of products, and services via special barcodes. With the right legal banking arrangements it maybe possible to develop programmes notably for debit, and credit cards (or some other kind of electronic transfer), or indeed, for a special smartphone (mentioned earlier) to be subjected to an inflation "tax" but one in which the deducted amounts could be taken off, and then notably re-created electronically (ieAutomatic Inflation Deduction).But such an approach could ofcourse use conventional Economic Indicators (notably the Consumer Price Index) but they would not be as accurate as full ETM as understood in the previous section of this evolving presentation.

### **The Question Of Economic Growth.**

*As many realize the planet has finite resources. Thus,continous exponential growth cannot go on indefinitely. In TFE there is a long period of rapid economic growth but it is heavily influenced notably by the power of FBs, and Facilitation Financing making the present capitalist system far more environmentally sustainable, more ethical, and energy efficient as never before in human history.*

There are those who believe in no-growth economics, or steady-state economics. Such notions are fine as far as they go but their approach towards genuine change is a lot slower in a complicated world. Moreover, how finite is our planet? This is arguably at present an "impossible" question to fully, or accurately answer. But, it has also been pointed out that most of the resources of our planet lie under the sea. To actually "mine them" is prohibitively expensive but their appearance to be small initial attempts to do so. With Facilitation Finance it would be possible.

Apart from this there are all sorts of ways to deal with the potential resource scarcity question. They could include the following:-

- i) The development of safe nanotechnology which could create new resources out of thin air via the manipulation of atoms.
- ii) Space exploration with the aid of Facilitation Finance could find resources from other planets. These could be brought to our terrestrial world.
- iii) Again, with Facilitation Finance it would be possible to create colonies on other planets, and hopefully, use their resources responsibly.
- iv) Inventions could be developed to create more out of less, and less. Vertical Farming is perhaps a good example as it helps to increase land space for agriculture.

Ideally though, people (especially the young) must become more, and more educated in that we must live simpler, less materialistic lives. This does not mean going back to the "stone age" but instead to an advanced technological world in which higher values, or ideals should take their place rather than unnecessary overconsumption, or "affluenza".

### **Some Other Key Benefits Of Transfinancial Economics.**

Apart from the above section there are many other benefits with TFE. They would include the following list.

#### **a) Poverty.**

With TFE, NGOs concerned with this issue would become increasingly empowered financially by Facilitation Finance which could be had directly from a FB, or possibly a government agency. It could also come from one, or more independent funding body (eg. a foundation, or trust).

Moreover, it could modify microfinance in the developing world to include a UBI, or Universal Basic Income, or subsidy of sorts without having to borrow money all the time (except for the development of some form of self-employment/business). It would be electronically created by FBs, or by governments, or by both of them in partnership. So-called "grant interest" could accrue too as explained early on.

#### **b) Health Care.**

Irrespective of whether health care is largely in private hands, or not there would be a stage at which Facilitation Financing could enhance the existing system in which everyone in spite of their economic status has access to high quality medical intervention. This process could happen in both the developed world, and the developing world.

#### c) **Food Security.**

Here, innovative but safe production of more food could be funded in full, or in part by Facilitation Finance. Moreover, like their developed world counterparts world farmers in the developing world could receive subsidies but via new non-repayable money created electronically.

#### d) **Population.**

NGOs with ideas, and projects concerned with this matter could be funded in full, or in part by Facilitation Finance.

#### e) **Industrial Emissions.**

One way, other than conventional methods to try, and reduce industrial emissions is to have governments use Facilitation Finance (rather than earned money from taxes) as a way of compensating for lost profits in return for companies to reduce excessive emissions from entering the atmosphere. Of course, this contradicts the "polluter pays" policy but it does not mean that it is totally unethical. Moreover, this could prove a simpler method than carbon trading in the Eurozone which appears to be failing.

#### f) **Climate Change**

*This is probably the most important challenge facing the human race, (apart from potential resource scarcity) and could in fact, threaten its very existence. As indicated, a "novel" approach to emissions could be adopted. However, a huge amount needs to be done in the quickest space of time. "Science Fiction" type projects should be considered seriously such as geoengineering, and indeed, various adaptation, and mitigation projects such as special dams, underground cities, artificial underwater dwellings, underground agriculture (even), and the like could become serious possibilities with the aid of Facilitation Finance. Governments need to take climate change seriously, along with global warming irrespective of whether such "scenarios" prove true, or not.*

It should be said that TFE is not the panacea of all the problems of the world. But it can certainly help many of them if, and when necessary.

#### **The So-Called Re-Pricing Profit Option, or R-PO.**

This is a less ethical, and socially acceptable approach but could possibly be one of the ways forward in connection with the development of renewable energy, and climate change. Essentially, via Facilitation Finance it would be possible to legally "bribe" certain corporations in the coal, oil, and gas industries to become totally involved in the creation of genuine environmentally sustainable energy industries. The resulting profits in the latter case would be subsidised by new unearned money to a certain level in a way that makes them more profitable than the environmentally unsustainable industries. The latter could then be phased out.

In other words, the wholesale price of such fossil fuel based commodities could be gradually eliminated in favour of new renewable energy re-pricing making them more valuable as never before. With Facilitation Finance this could become possible, and those in the "dirty industries," notably shareholders could receive instant compensation, and could be "seamlessly" moved onto companies, and securities which invest in renewable energies of one kind, or another as they would be more profitable than gas, oil, and coal. Ofcourse, such a "non-market" approach would be frowned upon, especially by the Neo-Classical Economists, and their like. But the people, and the planet are far more important than just profits, or indeed, "defunct" economic ideologies.

The downside of this is that it may make certain corporations far more richer than before. But the lobbying power of the coal, oil, and gas sector have become extremely influential over governments in the US, and elsewhere when a more profitable deal on the table could be presented in which they could be "quickly" converted into industries that would be more profitable via Facilitation Finance. All this may sound somewhat "mad", and counterintuitive but it should be considered all the same. It should be added that "everything" should be done to ensure climate change can be "tamed". It is worth repeating here that this is arguably the most important problem facing humanity.

### **Two "Better" Alternatives To R-PO.**

- i) Another approach is to simply to fund projects such as Carbon, Capture, and Storage. In other words, coal, oil, and gas industries could continue "Business As Usual" but would receive Facilitation Finance in full, or in part for them to introduce new technologies that make their production environmentally friendly.
- ii) Arguably, one approach is for a certain country, or countries (outside the US) could have the power to electronically create new money to attempt hostile takeovers of the huge gas, coal, and oil companies. This could though cause a huge legal furore in the political, and business world..

There may be other ideas which could be introduced in the light of TFE, and Facilitation Finance.

### **Automation, And The New World.**

During the transition from a debt based economic system to a non-debt one in which taxation, and interest are phased out many momentous socio-economic, and political changes would probably occur. One of them is the introduction of automation on a huge scale. This would lead to growing unemployment. However, something like

an UBI, or Universal Basic Income could be introduced irrespective of whether one is employed, or not.

In the light of the above, other kinds of "leisure-like" forms of "work", or employment could come into being. Alternatively, for some, a green business could be created but with a degree of automation included. Interestingly, this has great implications for NGOs, or non-government organizations. They could expand, and be able to bring aboard new recruits as money would become easier to find, and fundraising itself would also be ultimately phased out altogether. Hence, progress of socio-economic, and political issues (eg. Fair Trade, Human Rights, Poverty Reduction, Globalization, Racial Discrimination, Campaign Finance, Banking Regulation, et al) will gain greater momentum, influence, and power as never before in human history.

Certain better financed NGOs would find it easier to challenge elitist plutocratic power structures if they feel that their activities to a certain extent are unethical in some manner, or other (eg. some banks, and corporations). *Though TFE may make the wealthy richer with green/ethical type investments with the aid of FBs it could ironically lead to their own demise when automation begins to take over work activities. It is then that money itself could become ultimately unnecessary.*

With the growing financial empowerment of NGOs for a new, and hopefully a better, and fairer world the following values should be included notably.....

- i) The continuance of open democracy, and respect for universal human rights.
- ii) Growing altruism, and more humanitarian action in society should act as the key incentive rather than the profit motive. This is very important. Indeed, so-called Happiness Economics seems to indicate that money is not everything. As long as people have enough they are found to be reasonably happy.
- iii) Possible evolution towards direct democracy in which a Universal Debating Project, or "forum" could be credibly created on the internet on a p2p Open Source basis to show "all-known" arguments for, and against social, economic, and political issues (without verbal padding). In other words, an objective, and holistic approach to information. This could be updated continually in real-time ofcourse. Something called Debatepedia is a good example of what could be done.
- iv) The need to move towards a society in which cooperation rather than competition should be the incentive to drive the world forwards. Moreover, there should be a greater emphasis for "smaller" human-scale communities which could be highly self-sufficient.
- v) As already indicated, NGOs notably concerned with inequality would become increasingly empowered by grants to improve the lot of the poor.

It is ultimately envisaged that something like an advanced technological world will emerge. The Venus Project inspired by Jacque Fresco, a noted populariser of Technocracy is an example of what could be done in the future.

### **Campaign Activism For Transfinancial Economics.**

In order to bring about the serious possibility of change from our present debt based economy of taxation, and interest to one which is largely non-debt based, a campaign would be necessary. Unfortunately, a grassroots organization(s) for the present time to challenge banks, and their kind is unlikely to work.... though we may be wrong.

To promote this campaign it is suggested here that a professional website would be set up to spread the word of Transfinancial Economics as a serious, and credible proposal if the world is to successfully "survive" the global problems of the future (especially climate change). It would be sent to people, and organizations that have power, and influence such as government policy makers, financial companies, et cetera. This is probably the way forward.

The TFE website itself would include the following features.

A news update about the campaign progress.

Commissioned papers (initially) by willing economists possibly using econometric models to show the efficacy of TFE in technical terms, including detailed studies on various facets of the subject.

An online Journal of Transfinancial Economics.

A powerpoint presentation of TFE for downloading.

Possible field trials of the electronic technologies involved in TFE. This could be in part, or fully funded by governments, and/or by Corporations, or by some other source such as an NGO(s)....

The concept of TFE would probably have to go before the US Government, the European Parliament, the UK Parliament, and other democratic governments. Ideally, all countries should work in consort to introduce something like TFE.

More controversially, a "good" idea may be to try, and market the new global paradigm to certain Corporations as a huge "business opportunity" of colossal importance. Such powerful businesses though should have some serious, and genuine interest in sustainability. They could form a special alliance to put pressure on governments notably in Washington to at least phase in Primary Stage TFE. Advanced Stage TFE (ie. full, or limited Electronic Transaction Monitoring, or ETM) though would ofcourse be more difficult, and controversial to become law on a national, or international scale. *However, the huge global benefits for humanity far outweigh its risks for introducing it into law, and ultimately, into society as a whole. This must be emphasised as it is vital for people to appreciate TFE in its advanced stage of development.*

## Some Key References

The following is not exhaustive of course. The literature on finance, monetary reform, economics, and sustainability, is vast with an array of well-known, and little-known authors.

Steve Keen, *Debunking Economics - Revised and Expanded Edition: The Naked Emperor Dethroned?* Zed Books, 2011

David Colander (Author), Paul Ormerod (Author), Dave Ramsden (Author), Paul Seabright (Author), John Sloman (Author), Edward Glaeser (Author), Andrew Haldane (Author), John Kay (Author), Andrew Lo (Author), Diane Coyle (Editor), *What's the Use of Economics? Teaching the Dismal Science after the Crisis*, published 2012.

L. Randall Wray, *Modern Money Theory: A Primer on Macroeconomics for Sovereign Monetary Systems*, Palgrave Macmillan, 2012

Stephen Zarlenga, *The Lost Science of Money: The Mythology of Money, The Story of Power*, AMI, Dec 2002

J.W. Hughes, *Major Douglas: The Policy of a Philosophy*, Wedderspoon Associates, 2002

Ellen Hodgson Brown and Reed Simpson, *Web of Debt: The Shocking Truth About Our Money System and How We Can Break Free*, 2012 edition

Josh Ryan-Collins (Author), Tony Greenham (Author), Richard Werner (Author), Andrew Jackson (Author) *Where Does Money Come From?: A Guide to the UK Monetary and Banking System*, New Economics Foundation, 2012

Jeffrey D. Sachs, *Common Wealth: Economics for a Crowded Planet*, Penguin Books, 2009

Jeffrey D. Sachs, *The Price of Civilization: Reawakening American Virtue and Prosperity*, Random House Trade Paperbacks, 2012

Joseph Stiglitz, *Freefall: America, Free Markets, and the Sinking of the World Economy*, W. W. Norton & Company, 2010

Noreena Hertz, *IOU: The Debt Threat and Why We Must Defuse It*, Fourth Estate, 2010

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## Some Links Of Possible Interest.

The following links may be of interest.

- a) The following is an old series of published articles. Most of the information on it is correct but for any recent developments the present p2pfoundation entry on this specific page offers the most accurate, and authoritative presentation. <http://blog.p2pfoundation.net/introduction-to-transfinancial-economics-part-one-the-core-concepts/2011/07/11> [http://www.p2pfoundation.net/Introduction\\_to\\_Transfinancial\\_Economics](http://www.p2pfoundation.net/Introduction_to_Transfinancial_Economics)
  
- b) TFE is notably similar to Social Credit. The following link may be of interest, and a French version also exists. <http://www.michaeljournal.org/plenty42.htm>
  
- c) An introduction to MMT, or Modern Monetary Theory which is also very similar to TFE. <http://ralphanomics.blogspot.com/2011/02/introduction-to-modern-monetary-theory.html>
  
- d) Trond Andresen connects electronic money to MMT in his working paper. He seems to have drawn something of his inspiration from TFE. [http://www.itk.ntnu.no/ansatte/Andresen\\_Trond/econ/mmt-electronic.pdf](http://www.itk.ntnu.no/ansatte/Andresen_Trond/econ/mmt-electronic.pdf) [www.itk.ntnu.no](http://www.itk.ntnu.no)
  
- e) The following link to a NGO is concerned with how money is created. <http://www.positivemoney.org.uk/>
  
- f) The idea of businesses working in a real-time economy is nothing new. Ofcourse, TFE ultimately goes beyond this to include a deeper, and far more accurate understanding of the actual workings of the economy itself. This is revolutionary, and turns economics on its head. Indeed, it could be argued that TFE is the most important breakthrough in the history of economics, and this may one day be recognized. [http://en.wikipedia.org/wiki/Real-time\\_economy](http://en.wikipedia.org/wiki/Real-time_economy)
  
- g) The following link may also be of interest. <http://www.nakedcapitalism.com/2009/02/steve-keen-roving-cavaliers-of-credit.html>
  
- h) In the future smartphones could be used to transfer, or transmit money. This has great relevance to TFE as one can imagine. Barclays came out with Pingit which can do just that <http://www.guardian.co.uk/money/2012/feb/16/barclays-pingit-money-sending-smartphone>
  
- i) In Kenya, of all places using the mobile phone as a means to transmit, and indeed, receive funds has been going on for a long time <http://www.bbc.co.uk/news/business-11793290>

j) A growing, and comprehensive blog on economics in general. <http://theeconomicrealms.blogspot.co.uk/2012/12/how-can-anything-rival-threat-of.html> <http://theeconomicrealms.blogspot.co.uk/2012/11/paradise-or-oblivion.html>

k) The journalist, Robert Peston, gave a fascinating Radio 4 broadcast (2013) on High Frequency Trading (HFT). From the TFE perspective it clearly showed the power of advanced automated computer technology in making successful trades in split seconds in the money markets without human intervention. Similiarly, in the future, the economy could be run in a like manner. <http://www.bbc.co.uk/programmes/b036k1s3>

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PS A paper on TFE was actually accepted by a peer reviewed journal. However, due to a dispute with the editor/publisher I withdrew it from publication, and at the time of writing a new version has been sent elsewhere.

Robert Searle is the originator of this "work in progress" project. His email address is [dhara04@yahoo.co.uk](mailto:dhara04@yahoo.co.uk), or [robertsearle@live.co.uk](mailto:robertsearle@live.co.uk). Admittedly, my bio below is unconventional by most peoples standards but it is hoped it will not detract from any interest in the above project.

[http://www.p2pfoundation.net/Robert\\_Searle](http://www.p2pfoundation.net/Robert_Searle)

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