A Concept called 'Reflexive Wealth'

Management-NewStyle (MNS) has provided advise and facilitation services in the field of business performance improvement since 1990 using a philosophy based on the conviction that 'systems thinking guides process working' as set down over the years by luminaries such as Walter Shewhart, Stafford Beer, Homer Sarasohn, Edwards Deming and Myron Tribus.

Our *FlowMap System* toolkit was specifically devised to support this approach to the improvement of business performance. With the advent of web-based workflow computing, in the early 2000s, low cost technologies became available for the first time that meant it was becoming possible for organisations to deploy the way they worked openly onto web applications directly available to end-users without intermediation by third parties.

A new style of business management was now truly possible. It was one rooted in the transparent long-term realities of economic-quality and 'service engineering' rather than the short-term and obfuscatory practices of 'financial engineering'.

Aidan Ward, a director of Fair Money Limited, eighteen months ago commissioned MNS to develop a web-based software application to support its innovative approach to financial coaching (see www.fairmoney.org.uk). As a result of this we began hosting a series of meetings related to financial transparency and exploring the question 'what is wealth?'. The descriptive concept of '*Reflexive Wealth*' soon emerged from these discussions. We believe that this term vividly describes how in any transaction the prime-beneficiaries can, by using the new technologies, transparently assure themselves that their best interest will prevail without payment of any premium.

Management-NewStyle and Fair Money Limited hope that by exposing these ideas to experienced practitioners from the financial community it will be possible to identify and then carry out a series of pilot experiments in transparency. At a time when many financial mechanisms and related attitudes are failing to deliver the expected results the concept of *Reflexive Wealth* offers a unique opportunity to disrupt the status quo and offer innovative solutions to enduring problems.

Wealth Creation, Transparency & The Puritan Gift

By *Aidan Ward*
with contributions from Trevor Hilder, Pat Hoverstadt, David Howard and Peter Kawalek.

The economic engines described in *The Puritan Gift* by the Hopper brothers were built to improve the world by meeting perceived needs for products and services that were themselves of economic importance. They were economic engines, not financial engines, and were wrecked by the superimposition of financial goals that did not recognise or understand the economic heart of the engine. The gross error represented by the application of financialism has unfortunately spread around the world so that most people believe that money dictates purpose and that decisions must be based on financial criteria: this error has a circular and self-fulfilling logic to it, and is probably not recoverable or correctable.

It is, however, also inescapable that a wide range of present-day needs are both real and invisible to financialism. People understand intuitively that many things that they care deeply about will not be delivered by an economy whose levers are controlled by the needs of financial capital. We distinguish Wealth* from financial capital (or wealth with a small 'w') to capture some of the importance of those other things that people care about to their wellbeing and sense of rightness and justice. The economic exchanges that people make today are reflected primarily in the money that facilitates those exchanges, and it is a focus on the money rather than the economic exchange that subtly, but drastically, undermines the process.

Although money is deeply entrenched in human culture, its nature has changed as it has become global, electronic and colonised. It is also completely one-dimensional and not capable of carrying the information that the real economy needs about the nature of the economic exchanges going on. Since money is now electronic, it is perfectly feasible to have a transparent mechanism that allows aspects of what people choose to regard as *"Wealth"* to be a substantive basis for an economic exchange. We see the new web-based technologies facilitating an emphasis on what we term "reflexive wealth" to the benefit of all the essential transactional stakeholders. The fact that the exchange can be seen to trade things people care about without assuming an intermediary role for money allows people to achieve more in each exchange of what is relevant to their real economic need. Since this is a richer system of exchange it can be expected to be more fertile and lead to greater prosperity and a real improvement in the commonweal.

If people can pursue their goals more directly and transparently by being able to see more of the implications of their actions in dimensions that they care about, significant benefits will necessarily follow, such as:

- Control of capital will not imply control of wealth creation, because real Wealth creation will follow the exchanges that people find relevant and useful to them;

- The dimensions of Wealth that large numbers of people choose to focus on will become efficiently addressed;
- The economy itself will respond to contradictions in people's expressed needs; and
- The emergence of Great Engines of Economic Prosperity becomes possible once again.

For example, the Transition Towns movement consists of people shifting their home town towards a more locally sustainable economy. So energy, carbon and water are all key dimensions of any economic transaction: why is the price only labelled in money? How, as a supplier or as a consumer, can I send economic signals about the things the community cares about?

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* Wealth – with a capital W – denotes an amalgam of health, happiness, knowledge, justice and conventional wealth (this last being a property that has economic utility: a monetary value or an exchange value).

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