

University talk report
Evil is the root of all money

Skeptical yet pragmatic, Professor John Moore's lecture was a highly informative one. Focusing on asset liquidity, he clarified the connection between human nature and its impact on the economic "machine."

He theorized, that since humans are inherently evil and self-seeking, some sort of mediation is necessary to lubricate the asset circulation. To put it more frankly, we need a central organization which we can all trust; banks. Without them, we would have to act purely on personal bilateral terms. Moore called such bilateral assets "blue paper"-illiquid (sticky) money. These personal "I owe you"s do not hold any intrinsic value to people outside the transaction, hence is difficult to liquify. This demonstrates the importance of banks as they act as a mediator to guarantee trust between the transferees, allowing "i owe you"s to be transferred more efficiently between multilateral parties.

Moore also stated that in an autarky, economy will still find ways to circulate "i owe you"s; however this requires more than three parties to be involved in the transaction process and requires more time to circulate. This is possible due to the natural occurrence of "double coincidence of wants"; stakeholders will be able to measure the value of bilateral "i owe you"s simply by comparing it with the same "i owe you"s owned by a different stakeholder. Note that, organic liquefaction requires more time (approximately four times more according to Moore) since it is interpersonal.

Moore explained these concepts beautifully through analogies to human anatomy, referring to our blood circulation as the economic machine; this seemed to represent his

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strong view that human nature is reflected strongly in our contemporary economic model.

To summarise, Moore's idea of blue and red paper presents how the financial sectors work in our economy, along with the role of banks in solving the issue of trust. Banks lubricate the economic machine allowing more efficient flows of assets. This talk further enhanced our understanding of the economy and was overall a mesmerising experience.