

AN ETHICAL SPECULATOR

Part three of three social fictions that explore the idea of an ethical contract trading system. An Ethical Speculator explores the means and motivations behind those who seek to profit from the market of trading ethics, and reveals the darker side to treating ethical contracts as pure financial instruments.

Well it was all about the money, thought Simon. He was an Ethics Speculator, straight out of Cambridge with a degree in Mathematics, part of a family of bankers. Financial markets were in his blood; this was something new. The system looked quite controlled, it was not exposed to the usual volatile nature of the market. He actually thought he was doing them a favour. If the groups that founded this were trying to raise the profile of 'an ethical life', trading ethical commodities, it made sense to use the full power of the market to fulfil the system's potential. Besides, it looked as if many of those involved were making only moderate profits: He felt there were larger ones to be had.

There were other Speculators, most had set themselves up as consultants or as traders associated with Corporate Ethical Vehicles (CEVs), but he was more interested in where this system could go, how it could make them money. This was not an easy task; the system was set-up to keep money in, not to allow it to leak out. Although there were market fluctuations, traders always sought to keep a balance between different trades. Instead of trying to profit, Ethical Credit Units (ECUs) were reinvested by buying other ethical contracts.

So at first it was difficult for outside Speculators to break in. They were regarded as suspicious. Could they be trusted? What were their aims? Questions began to appear on the Ethical Contract Trading Message boards. One forum member, Lizze245 felt that this was an invasion, what were these bankers playing at? Others, such as JerryS12 thought the system was in danger of becoming static and it was great to have 'new blood' injecting much-needed capital. This split between the different members created the opportunity for Simon and his Speculator friends to move in.

When it came close to fulfilment time, the Speculators had two tricks up their sleeve. The first was the practice of 'Sell Wholesale'. With this, they would act as a contract trader, but instead of representing a syndicate of Names, they would try to sell the contracts wholesale themselves. This meant profiting on the trade by commission, and selling the contract on to another syndicate with a surplus. The idea was to profit on differences in price between the time the contract was first made and the time of fulfilment; like commodities on a futures market. If the contract looked like being more profitable for the receiver than the honoror, then it would be beneficial to hold on to it. This was what he knew best and he managed to make over a million in ECUs in six months this way.

It was also artificially skewing the price of ethics. Whilst it was true that outside factors were having an effect it now seemed that market forces were becoming more prevalent. *Support of Food Technology* became something profitable, as land to grow crops was becoming scarce. But this was skewed because Speculators weren't buying them; they were often too high, and the differences in premiums 90% to 96%, simply made them not worth it. Instead they focused their efforts onto the smaller contracts, the *Overt Politeness*, the *Civic Duty*, *Volunteerism Society* seemed to not value these as high premiums, only floating at around 2% – 5% from the ECU average. This was ideal for the Speculators, and soon prices skyrocketed to 30 – 40 % premiums. Outside commentators even said this was a good thing and indicated it was encouraging people to behave well.

It was only matter of time he thought, and that time had come. The market had ballooned, and soon people were buying up contracts they could not fulfil. It went the other way too, as part of the deal to allow him and his fellow Speculators access to the system, he had to offer some contracts to trade.

This was how the other trick came in, 'Recruit to Dilute'. They would recruit a large syndicate to be Ethical backers themselves, like Names. A normal trading syndicate would be a group of closely linked friends, about 10 to 30 people. He ran syndicates with over 150 people in each, and ran multiple syndicates (at his peak 30 at a time). They would be the backers of Ethical contracts, which he would then use as a trading commodity.

He also found a new way of trading; he bought obligations to honour certain contracts when prices fell and tried to resell them. *Overt Politeness* and the like were particularly volatile, and as some people found they were unable to honour them, they were often only too pleased to sell the obligation on. This was not in the spirit of the system, but it was not specifically against the rules, and besides, before regulations were imposed he and his fellow Speculators had managed to influence several unfavourable decisions.

The idea behind buying the obligations was to sell them back for a profit to other syndicates when the premiums went up, again profiting on the commission. If the obligation looked less profitable, he would try to sell pieces of the obligation to his larger syndicates. Between them, the Names might take 10 *Overt Politeness* incidents from a contract obligation of 1,500. This was acceptable in the beginning, as it was balanced by the profits from the more mainstream trades, such as *Fair Trade* contracts. But soon others realised what he and other Speculators were doing. This caused the market to bubble. It became more difficult to make profits from these *Civil Contracts*, but there was no enthusiasm to have them reset to sensible levels, as by now there were so many Names and corporate executives involved. Things began to get very messy.

To calm the market, Simon, and the other Speculators insisted on tighter security for honouring contracts. In the old days, photographs and videos were taken to prove that a contract had been fulfilled. These were then uploaded to the trading website to be verified by the community. Sometimes the system was a bit slack, and there were fluctuations in the level of verification. This did not suit the Speculators. They wanted everything precise, measured and accurate.

Measurement-ready devices were introduced and magnets were attached to recycling bins to check which cans were being thrown and bins would measure the weight. RFID readers were installed so people could check in their contract status and have it automatically verified. In fact, it was only trusted people who would be allowed to use the old method, and this was taken over by a Traders' guild. This was fiercely contested by ordinary members, the individual Names. Yet with so many supporters now on the board, they pushed their resolution through.

The Speculators had commissioned new devices to precisely measure people's facial expressions, their emotional stress level, voice intensity, etc. to measure *Overt Politeness*. Many people rejected this; it felt patronising for something that was supposed to encourage community spirit. In fact it was this, combined with the flood of these contracts on the market that led to prices falling. It was this moment that the crisis began to hit.

Some people refused to honour their contract obligations, but Speculators needed to secure their investments. After all, their commission would be nullified if contracts were not honoured, and they would

lose ethical capital. Sometimes Speculators would have to honour the contracts themselves. Those in the trading community thought this fair. He once had to honour 200 *Overt Politeness* incidents; his friends teased him all week about it. It was funny having the video placed on the trading site, as he had to smile at everyone around Soho. This only stiffened his resolve to keep contracts honoured. It was him, and a select group of his friends that pushed for Ethical Bankruptcies, to allow them to recover the debt. This effectively extended the contract, though halved the value that would be paid out. It also led to extreme measuring devices. Bins were now regularly checked, people spied on each other, a face device for the *Overt Politeness* contract now covered most of the face.

But the Names that backed the contracts were beginning to revolt, people were leaving the system, and for him and the Speculators prices were dropping dramatically. They began legal action, taking over the pursuit of debtors, obligations and contracts from the Names and CEVs under the guise of representing them. Some wanted to let go, and allow it to return to how it was. But he was determined to keep going; with all the money now invested in Ethical Capital, it was being drained away by those leaving contracts unfulfilled. Some walked away, but he would not. Soon though it was too late, the market began to crash.

