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P R O C E E D I N G S

MR. DIONNE: I want to welcome everyone here today. I've had a chance to talk for a while with Stephen Green and you're in for a real treat. I'm E.J. Dionne; I'm a Senior Fellow here at Brookings. And I have to say that when this project first came up, I was very happy to do it because I was intrigued at the idea of the President of one of the largest banks in the world who was also an ordained Anglican minister.

But I came at the project with what I would call open minded skepticism, because after what we've been through in the last two years, I was wondering whether I really wanted to spend a lot of time learning what a banker, the President of a rather big bank, had to teach us about morality. It sounded a bit like a Steven Colbert segment.

And then I started reading the book. And I have to say that Stephen Green is a great person to go on a morale and intellectual journey with. He's actually a good person to go on a geographical journey with. He writes about globalization and he knows the globe. There are also just wonderful things you learn in this book that are those facts you can use at a dinner party or a bar argument. I certainly didn't know that the earth's population has gone from ten million to more than six billion in the last 10,000 years. I did not know that for 18 of the past 20 centuries, China has been the world's largest economy. How many of you know the word, and tell me if I'm pronouncing this right, zapozaps. Is that close enough?

MR. GREEN: I think so.

MR. DIONNE: Anybody ever hear of a zapozap? You will win your next game of Scrabble just by coming to this event. A zapozap is a decorated ax, and it was one of the earliest objects of global trade around the time of Hammurabi in 1800 BC. And then much more ominously, I learned that the estimates are wide, but between 12

and 27 million people right now around the world are working in conditions that amount to labor. And this book is full of observations like that. It's also full of literary references that I think Stephen will talk about.

I want to introduce him first. He was born in England in November, 1948. He has degrees from Oxford University and from MIT. His first career was as a civil servant. Well, actually, his very first job was working in a program for alcoholics, where he met his wife, who was also working in that program. So Joy was working in that program helping other people. Joy, where are you? It's so good to have you with us. And then he went to work for the government. So you could say he was a government bureaucrat, which endeared him to me, I have to say.

He began his career with the British government's Ministry of Overseas Development. He joined McKenzie in 1977, the Hong Kong/Shanghai Banking Corporation in 1982. He became CEO in 2003. Am I correct about that? And then Chairman in 2006.

He's also the Chairman of the British Bankers Association, a member of the Prime Ministers Business Council, and a trustee of the British Museum. And he and his wife, Joy, have two daughters.

But I was fascinated that in the middle of this banking career, Stephen Green decided to become an ordained Anglican priest. And I wanted to ask him, because it turns out to be very important to this story. You don't fully learn it at the end. Although you get a hint when you see that he sees Tirade Shardai, (phonetic) not Marks Adam Smith as the real prophet of globalization. But you don't really learn it until the last chapter. This is not a typical banker's career move. Might you tell people here a little bit about that decision and what that might tell them about who you are?

MR. GREEN: Well, E.J., thank you. Can I say, to start with, what a pleasure it is to be here. But to the point, it's worth just a – five seconds of background. In the Anglican Church in England, there was quite a well established career path, well, career is maybe the wrong word, people who stay in careers of one sort of another who put them – put themselves forward for ordained ministry, ordained priesthood.

So what I was doing, maybe unusual for a chairman of a bank, but it's not particularly unusual within the context of the Anglican Church. And there are, in fact, about ten percent of the ordained clergy in England follow another career, as well, and get paid by that career rather than by the church, which is the case in my case.

When I left the university, I did think about full-time ministry in the church. For various reasons that I don't need to bore you with, I think it was the right call not to do it at that point. In my 30's, we started to – up again, and so I put myself forward on that basis, specifically on that basis, i.e., staying in my secular banking career, did my night school stuff which you had to do to get the training and the accreditation, and that's worked out.

MR. DIONNE: And your first book was called – was after you were ordained, correct?

MR. GREEN: Yeah.

MR. DIONNE: And the first book was called?

MR. GREEN: It was a book that I wrote in the mid '90's, it was called Serving God? Serving Mammon?, Mammon being the biblical word for money, and it was specifically designed to answer the question, for a Christian, can I meaningfully say that I've got a sense of vocation and be a banker, and I wrote that now 15 years ago. It's a small book, it's out of print, it's out of date. I don't think I would change the basic answer, which is, yes, with some rather important caveats and conditions.

MR. DIONNE: And caveats and conditions are a very important part of this book. I just – before I ask some specific questions, I'd like to give you a chance to talk about this book as you see it, basically why did you feel a need, desire, compulsion, inspiration, obligation to write this particular book?

MR. GREEN: Well, I received a fair amount of encouragement from friends who knew that I had written that previous book and said it's time you did something. And I have to say I enjoy it, I enjoy writing, and I wanted to pull together some thoughts that have been kind of developing over the years, thoughts that are not just about banking, it is plainly not a book about banking, nor is it a book about the financial crisis, though it does spend one chapter talking about financial crisis, it's a book about globalization.

And I suppose what prompted that was – the result of the huge privilege I have of sitting in the job that I sit in is that I see a lot of the world. I travel a great deal. The bank that I work with operates in 85 countries, so I see almost every imaginable community culture at work, and I see the very strong sense in which the world is becoming more and more of a crossroads, the way in which globalization is proceeding, and I wanted to reflect on the implications of that, because I think they're very deep, very profound, very longstanding.

I don't think that globalization is a new phenomenon. To your introductory remarks, I think it belongs – starts in the beginnings of human history, it is the great sweep of human history, not without bumps and diversions on the road, but nonetheless, the great sweep of human history. Allied to it is the equally important phenomenon of urbanization. Last year, excuse me, 2008 was the year in which we passed the point where more than half of the people of the world live in cities. And by the

year 2050, that will be something like 80 percent of the population of the world lives in cities.

This is changing the way humans interact with each other, it's changing the way humans think about themselves and each other. And I just wanted to spend some time exploring the implications of all of that in the book, so that's what I did.

MR. DIONNE: I told you earlier today that I thought you'd make an excellent politician, because I picked up my Wall Street Journal opinion page on Saturday and there was a long interview with Stephen Green, praising him as a Churchillian defender of capitalism. And then I read the book and my views did not match those of the Wall Street Journal editorial page, and I read it as including an awful lot of caveats about capitalism, and in some sense both accounts are right. The Churchillian defense, by the way, in this case, is not we will fight on the beaches, it's from Churchill's great line about democracy, it's the worst form of government except for all the others. But your book also includes a lot of doubt about the way capitalism works. So I'll just quote a couple of passages. "So it is not surprising that the financial markets and their waywardness have caused intense and widespread anger or that we ask ourselves if globalization is allowing them to get completely out of hand. It is not surprising that we ask whether they will eventually blow up in a way which permanently damages economic and social wellbeing, or that we ask why should ordinary people suffer from all of this destructive excess."

"For years, the west enjoyed what was called the Goldilocks economy, it was called this because it was deemed, so to speak, to be neither too hot, nor too cold, but just right, though the connotations of it being a fairy tale later turned out to be relevant, too."

And then just one last line from the book, “And this is the Anglican priest thundering from his pulpit. The sins of arrogance, greed, untrustworthiness, and callousness are hard to forgive, the perception that some have taken pay in bonuses and vast multiples of the remuneration of ordinary hardworking and socially valuable people for indulging in an alchemy which has then blown up in their faces and required huge bailouts. A prodigious cost to taxpayers has ignited fury around the world.” Sir, you here offer a bold defense of capitalism and than a rather searing criticism of how it operated. Can you sort of bring those together for us?

MR. GREEN: Well, I can.

MR. DIONNE: It doesn't mean you're an excellent politician.

MR. GREEN: I hope it doesn't mean I'm an excellent politician. But I think the point to start with is this Churchillian defense. And as you rightly said, this is not about defending it on the beaches and all the rest of it, this is about recognizing, in parallel to what Churchill said about democracy, that it's the worst system except for all of the others that have been tried from time to time.

And it seems to me that the – the 20th century, when these other alternatives were tried, is just how appalling they were. That, therefore, means that there is no alternative but to look at the markets in the face, see what they have done, see what they've achieved positively, see how they have failed humanity in very important ways, particularly recently, learn the lessons, and find a better way forward. There is no turning the clock back. You cannot go back to a more simple, less connected world than the one we're in. In fact, the process of globalization and all that goes with that will continue.

MR. DIONNE: But do you think – in your book you talk about how the world was globalizing in the 19th century, and that the onset of World War I and the long

period after that, the Great Depression, really did, for a moment, bring globalization to a halt, and to some degree, reversed it; why isn't that possible again?

MR. GREEN: Well, I think it might be possible, but it would be one of our worst nightmares if it were realized. The reason why globalization came to a halt in 1914 was, first of all, the horrors of the First World War, and then secondly, the rise of one of the major alternatives to the markets, which was tried out, of course, in the Soviet Union, and for a while looked as though it might take the world by storm.

We now know what a hollow achievement it was and at what terrible human cost it was achieved, so I don't think anybody will be saying back to that. So we certainly have to find our way forward. There is no guarantee of success, and you could construct apocalyptic scenarios where something happens of a nature which is so terrible that it just forces human connectivity to undo itself and back to some simpler and much less attractive world. It really isn't what we would want to happen, and I also don't think it is what will happen. I think the best assumption is that the broad process of increasing connectivity in this world is very hard to reverse now.

MR. DIONNE: What I was reading along about what you – reading what you said about globalization, at some level it's almost impossible to deny your core argument given what's happened with communication, transportation, that we would – could withdraw into a different kind of world, and yet it also occurred to me that, in fact, a very small percentage of the people on the planet, and they are mostly members of financial or business or government or intellectual – can actually be said to live in a global world.

Most other people in the world, while they touch that world in many ways, live lives in their localities, in their nations. What do you make of this disconnect?

Because I think it's one of the causes of the discontents that people feel with globalization, I would say legitimate discontents that they feel.

MR. GREEN: Yeah, I think there is – there's the whole subject about the extent to which elites get disconnected from the broader groupings in human society. But just before I come back to that, it's worth noting that much broader groupings in human society have been much more profoundly changed by globalization than merely, to use your phrase, touched by it.

If you think back 50 years ago, or 100 years ago, go back to 100 years ago, most people never went – where they were born. That has now profoundly changed. Again 100 years ago, most people had no information, no hard information about other societies, so all kinds of silly and often terrible prejudices were formed in peoples' minds about each other.

I mean I'm a European, we all know what Europe was like 100 years ago, extensive prejudices about each other that were – was a thing that the politicians were able to tap into as they launched the first World War.

I actually don't think – one of the great signs of human progress, just specifically speaking as a European for the moment, is that a war within the context of mainland Europe is I would say no longer thinkable. You simple cannot imagine that even if some – took over one of the countries, they could mobilize opinion to support the sort of aggression that Europe has known not merely in the last 100 years, but actually in the last 800 years or more.

So I do think that we've come a long way. It may well be true that we've got a long way to go still, but I do think we've come a long way, and this is a process of change. I think the process of change is itself accelerating, no question, and causing all kinds of strains and stresses, and one of them is that you've got elites in the world who

live like there really was a, to use the Thomas Friedman phrase, you know, flatter from a globalized world of society and economy, and actually the last – of people live in more restricted lives, and that disconnect is something that is worth musing on, not that I do it too much in the book, but you and I talked about this this morning, in the context of thinking about the future of democracy.

MR. DIONNE: Right; and I was going to go somewhere else, but let me take it back there, because I was struck that the words democracy and citizenship barely appear in your book, and that in the global bizarre, that's the word Stephen Green uses, in the global bizarre, you describe there are investors and there are consumers and there are workers and there are professionals, but it doesn't feel like there are citizens. What is the role of citizens in this world? What is the role of democracy in such a world?

MR. GREEN: Yeah, and I think those are big questions, I think they're different ones, by the way. Citizenship is – I mean you're right, it's not a word I use much, but I think that's a matter of terminology. What I do talk about and I think is very important is the question of loyalties to different groupings.

I look at myself, as you mentioned, born in England, born in a particular town in England to which I feel like I belong and where I might want to go back to since – getting near the end. I'm also – am I English or am I British? That's a question I sometimes muse on, and it's a very particular British problem, what is the national identity.

I am a European, and I am in some senses a citizen of the broader world. And the growing consciousness that we have shared issues notably, the climate environment, et cetera, that we can't do – can't solve in any other way than globally, gradually, and it's gradually and fitfully, is introducing a sense of global citizenship

amongst many of us, I would suggest. So the point is that citizenship is itself multi layered and quite complex and certainly shifting over time.

MR. DIONNE: There are – who've argued that when you go back in some ways to Smith or Miller – they took political man and turned him into economic man, and that one of the net effects of small liberalism, that is to say free market liberalism, was to diminish the importance of politics and public life; could you talk about that?

MR. GREEN: Well, I am not sure that I do think it has diminished the importance of politics, it's certainly complicated politics, because – and I think, you know, liberalism is one way of describing the fundamental cause. I think urbanization is the primary, I've got to say culprit, but I think it's the wrong word to use, cause of this.

But urbanization has its effects sooner or later, but people more and more think as individuals as opposed to defining themselves automatically as members of groups. They may, in fact, continue to have associations, they may have all kinds of layers of association. Some of those may be global, some of these may be connected by the internet, there are all sorts of ways it can happen, but the fundamental truth is that people are more and more thinking as individuals. That certainly complicates the lives of political moments. And, indeed, it is not true everywhere yet, but it is certainly true in a place like Europe. But it is hard to imagine major mass movements of unthinking loyalty to some political creed of the kind that we did know in the 1930's.

MR. DIONNE: How do you explain certain forms of extremism in the world then, religious extremism?

MR. GREEN: Well, as I say, I don't think – yet, but it's clear both from my use of the word yet that I do think that is the direction of travel, but it may well take generations to get there. We are only – all that we've said applies to let's say the last –

at the outside, the last 200 years, maybe even the last 100 years, effectively, may even be since the war as to the real extent of the change, in the context of human civilization that is, what do you want to say, 2,000, 5,000 or 10,000 years old, so this is new stuff.

And to say that we have arrived at the end game at the moment will be obvious nonsense. I don't think that – I think this is more generations to come. But I do think the fundamental direction of travel is clear.

MR. DIONNE: As a priest/banker, do you see these forces of both globalization or urbanization as leading to secularization?

MR. GREEN: If by – it depends what you mean by secularization. If you mean by that that people will have more and more – a sense that it's their private decision what they believe, what values they hold, other than when they impinge on somebody else. There's a public domain that confines itself to relationships that – the limit becomes clearly commercial relationships, then yes, I think secularism is going to continue to spread through humanity.

But it will be at different paces, and it's probably subject to some reversals, yes, and it is very questionable. I don't want to talk about this as though I think this is unambiguous good. My contention mainly is that this is a phenomenon, not that it's something you necessarily want to see. But I do think secularization is going to spread.

MR. DIONNE: How do you respond to that as a clergy person, as a Christian? I was thinking that some of your forbearers of Americans went to China to convert people into Christians, and in a sense you went to convert them into capitalists, and –

MR. GREEN: Not me personally.

MR. DIONNE: Could you – how do you respond to that yourself?

MR. GREEN: Well, I'll tell you what, as the world does get more and more connected, so people are discovering more and more about what other people think and believe, recognizing in almost succeeding breadths the interesting differences and the interesting commonalities that there are, and at its best, enriching themselves, thereby, the conversation with people from different cultures, different traditions, different environments is an enriching one at its best. At its worst, of course, it can be a source of great tension and hatred and envy.

MR. DIONNE: I want to bring everyone into this conversation. I just have – well, actually I could go on like this for about two hours, but I won't. I just want to sort of put a couple more questions to you before I go to the audience. It seems to me that in terms of justice, the core problem of globalization is that capital is far more mobile than labor, it can move much more quickly than labor can, which ends up putting individual workers at a comparative disadvantage, and that if you look at the impact of globalization on the rich countries, it seems to me that it's been especially harmful to the least advantaged people in the wealthiest countries, and that that is what leads to a not at all irrational backlash against it. Could you talk about that? First of all, do you agree with my definition of the problem, and how do you –

MR. GREEN: No; I think that is definitely an aspect of globalization. It is no coincidence, I think, that the divide between the income of the richest and the poorest have widened actually in almost every country in the last 20 years. That is partly the result of globalization, it is partly the result of the mobility of capital you have described.

There are particular challenges in all of this, of course, that the jobs that get lost in the wealthy countries are jobs that get created in the poorer ones. And the other side of this coin is that the last 20 years have seen literally hundreds of millions of people raised out of poverty in some of the poorest countries of the world.

So weighing this up and deciding what the light policy prescriptions are in the richer countries to help those who have been hurt most by the process is a real political challenge. What you can't do is get off the boat. What you can't do is not to be part of this globalized era, because it is also true for the richer countries that they are gained in terms of consumption enormously by the process of globalization. So it would be very difficult for any group of citizens to say I'd actually like to vote to get out of all of this.

MR. GREEN: Right; but I think that the – we have met very badly the challenge of what it means to create much higher levels of an equality within the relatively wealthy countries and we've done very badly by an awful lot of the people who once could count on a decent standard of living based on manual labor in a way that they can not anymore.

MR. GREEN: I quite agree, and I think this is a major social challenge in, I would think, almost every G7 country, certainly in yours, certainly in mine.

MR. DIONNE: One other aspect of an equality I wanted to talk about; you are quite critical at various moments of people in your profession, even as you defend it, as, you know, as producing social goods.

MR. GREEN: Most of the time.

MR. DIONNE: And when you look at the sort of change in the rewards, where the rewards to the very successful are much higher than they used to be, we've rewarded the winners more and punished the non-winners more, how much of that – you talked in the book, defending a high compensation in your industry as a fight for talent, and yet it's always struck me that we've changed that ethic in terms of compensation in corporations, that the differentials between CEO's and average workers have gone up, and that we accept a level of difference that we didn't used to, and that strikes me not as

a market outcome, but a choice – an outcome of choice of morality, a political outcome in a way; do you share that or –

MR. GREEN: I did defend that, and I certainly didn't defend the kind of compensation that was being paid in the banking industry in recent years. I'm just going to talk specifically about the banking industry for a moment. Any reasonable inspection of what was going on in the go-go years in the first part of this decade would say that the market was distorted. And when a market is distorted, you get results that are not socially correct, if I can use that phrase. And there is work to be done to address that issue. I think more broadly, there's clearly a social issue that arises from the fact that we've just been discussing, namely not just in that industry, but across commerce generally, you've seen a widening out of the gap between the richest and poorest members of communities. That's I think a big social issue in all of G7 countries and has to be addressed or there will be rising tension, there may well be protectionism and the net dispenitive of that for all of us is something we need to resist at all possible costs, and there's – have to be done on this.

What I do say and what I do believe to be true is that however good you – however much we learn the lessons and however much we repair the markets and remove distortions, I am enough of a believer in the markets to believe that they are the best engine of social and economic development except for all the others, the Churchillian defense, and we need to work with the grain of the markets and not against them.

You need to make sure the markets are effective, and there's a lot of work to be done on that. You will at the end of the day have discrepancies between what people have paid. You will not get to – where everybody is paid the same. You've got – most unlikely outcome. So you are left with a question which is amount of degree. There

comes a point where the discrepancy is so wide that it just feels socially uncomfortable. I think we're at that point in many countries in the world, like I say, both yours and mine.

Even if we get it right, you'll still have a certain amount of discrepancy. You will still have uncomfortable differentials between let's say the pay of a CEO and the pay of the head of a major inner city school doing obviously valuable social work. Is that fair? Hard to defend.

So you're left with a challenge, a challenge both socially, and importantly also a challenge for the individual. And this actually does take you into some – what you might describe as religious considerations. The challenge to the individual, those to whom much is given, much is required of.

And we talk a lot in the textbooks about corporate social responsibility, what I think is a real sense in which there's an individual social responsibility on the part of those who happen to find themselves in that position for whatever reason. And that's an uncomfortable challenge which is not talked about enough, and which is often not faced up to by the individual. I do go on to argue in the book that the more people do face up to that challenge and respond to it, the more real satisfaction they will have as well as, I believe, the common good being enhanced.

MR. DIONNE: There are two words in your, if you will, the spiritual chapter at the end which I liked very much. There are two words you highlight, and I'd just like for you to talk about what they mean to you, how you would define them. One is integrity and the other is completeness.

MR. GREEN: Yeah, they're an interesting pair of words. Integrity, one has the obvious set of meanings. Integrity in your behavior, in your trustworthiness, in your – integrity, vis-à-vis the rules, paying taxes and all the rest of it. There's another sense of integrity where completeness is a substitute word.

There's a sense in which what the markets have done to us in the last couple of decades is to force us or encourage us to mentalize our lives, that is, to set up our work life and run it according to one set of rules and our other realms of life, family life, social life, according to different sets of rules. It's as if, and I think a phrase we haven't yet used, characterizes the last couple of decades, market fundamentalism, which has prevailed in the last couple of decades, has led to an aptitude in work life all too often, and I think this is true of the banking industry, as well as – not only the banking industry, where it's almost as if you were saying if there's a market and I've got a product and a contract and it's legal, I don't have to ask any other questions about suitability or fairness or rightness.

So it's a way – what you might say is, therefore, we've allowed that realm of life to be run by a set of rules where questions of rightness and suitability have been banished, yet you wouldn't accept that as a reasonable way of running your private life or your social life.

I believe that that kind of compartmentalization of life is, in the end, spiritually damaging to the individual, quite apart from its effect socially, and that, therefore, there's a real sense in which integrity is about finding completeness of life, which is about making sure that you've got a holistic approach to life, and in particular, about making sure you run your various different types of relationship, if you will, by the same set of rules instead of different ones.

MR. DIONNE: I was struck by two sentences in the book that made me think this is a very – this is not a typical banker – you write, “what has no value is valueless, what has immense value is priceless.” And you also write, “At the core of our discomfort is the commercialization of everything.” You've sort of talked about that. I'd just like to push you a little more on that.

MR. GREEN: That phrase, which I was sitting in a bath when that occurred to me, and I think it kind of doesn't capsule the point. You talk about things being priceless because they're of immense value. We all know in our lives that there are certain things you can't put – you can't put a price on, they have such huge value to you, and they tend to be things like relationships, of course.

We also know that something that is valueless can often still have a price on it. So what that tells us is there's a disconnect between what the commercialized or market fundamentalist view of the world that I've just been mentioning, the signals that that sends to us are what we know to be true in our inner being, and that's another way of describing the compartmentalization that has occurred. It isn't, you know, it is not true that everything that's worth, you know, everything worthwhile in life has got a price, that's not true.

MR. DIONNE: I decided that the most fundamental market in perfection is captured by that sentence, what has immense value is priceless, because it can't be measured. Just because we both like this word so much, I can't resist asking, why is hope different from optimism? Hope is a very important theme at the end of your book, and in a sense, throughout the book, and I'd like you – this is, again, I'm calling upon you to be the --

MR. GREEN: I mean that last chapter does kind of get more explicitly my sense of understanding to what's going on from a specifically Christian religious perspective. And I think there are three things that I think are important. I mean they're not unique, I mean there are plenty of people who can subscribe to this, but they matter to me. One is that there's a real sense in which the most important lesson of all human history, large and small, is that we're imperfect beings, is the way I put it. There's original grace and original sin, to use good Catholic terminology. And that's something that – that

understanding of the nature of human reality should prevail all our understanding of everything that happens. You're constantly wanting to say, about the markets, about all kinds of things, at their best or, dot dot, at their worst, dot dot dot, and you see both kinds of things unfolding in human experience, point number one.

Point number two, we don't know how this will all play out. I do believe that globalization is both a phenomenon rather than an ideology, it's very long standing, and it's irreversible. We don't know whether this will take us into some kind of utopia, some kind of new Jerusalem, on the one hand, or some ortho-apocalypse on the other, and that ambiguity is reflected in so much religious experience actually, religious writings, and again, I think it's simply reflecting what we all think most of the time.

We really don't know where all this heads. Does this head into some great debacle caused by a climate change? Does it head into some great catastrophe born of nuclear proliferation? Or does it lead to a genuinely happier integrated global community? Don't know.

Despite that uncertainty, despite the previous sense that humans are capable of the best and the worst, there is the third point, which is a hope that persists I believe in the midst of all of this. And in the midst of the worst of it, somehow the hope never quite gets stamped out. And I think that is a profoundly – an equally profoundly important human phenomenon that keeps us going, keeps, based on our conversation this morning, you and me going, and I suspect keeps us going at large, determined to try, learn the lessons, pick ourselves up, dust ourselves down, and keep going.

MR. DIONNE: And the last thing I will ask, and then we'll go to the audience, we've go the mic – a couple of mics, one mic, is, I thought it be unfair to you if you didn't get to talk a little about Tiare (phonetic) and Foust, who both play a role in this argument.

MR. GREEN: Right, okay. Well, to keep it brief, because you may or may not all be interested in Teilhard de Chardin. Teilhard de Chardin was a French Jesuit priest actually writing in the – before the war and then in the early parts of the post-war period, and he wrote in particular a book called The Phenomenon of Man. Sorry about the rather now sexist sounding title. The French have the – in the French which he wrote, it was – and, therefore, he had that kind of general neutral title for it. And what it did was to look – and he was a paleontologist, so he starts way back in human development. And in a rather – he's not a clear writer, he's not an easy writer, but he tracks what he believes is a fundamental change in the human spirit that arises from the way in which humanity, from its early beginnings, probably in East Africa, spreads out around the world, meets itself ever more intensively, and gradually changes its nature, as it does so, finding more and more of a unity.

There's something very profound about the way he talks about globalization, and I am fascinated by it, partly because he is not naïve. He explores that ambiguity that I've just mentioned. Does this all end in something like a New Jerusalem or does it all end in a catastrophe? He explores that and doesn't get off the fence, so that's one thing I like.

Foust, the great myth of Foust, the man who sells himself to the devil is I think a very telling archetype of human experience because it speaks so much to the condition of commercial man in so many ways. How many people can we think of who look as though they might have so – how many people have felt the temptation to, in effect, sell ourselves to the devil in return for dot dot dot? In the original story, of course, he writes a contract with the devil which says you can have my soul if, for 24 years, you allow me to do exactly what I want, basically that simple. And that motion is explored in some wonderful literature, European literature, starting with Christopher Milo's famous

play and ending in Gerater's (phonetic) magnificent -- literally -- one of the great literary products of human kind, and explores -- I could spend -- you said you could spend hours, I could easily spend two hours on this, so I'm not going to.

The real point is, this is one way of describing the risk of compartmentalization. You, as it were, bow down to a lesser God, you say this is what I'm going to devote all of my being to, and you pay the price if you do.

And you can see it in all kinds of literature. It's there in Macbeth. The phrase, the be all and end all, which is a phrase -- comes from a passage in Macbeth, where he's in effect saying if I knew the murder of Duncan, I'm going to get the kingdom and all else will be well in this life, he will, as he puts it in the phrase, if this could be the be all and the end all here, I'd jump the life to come, and that's a particularly explicit way of making the point. But the real point is, we all do this, we're all at risk of doing this in all sorts of subtle ways.

MR. GREEN: I was thinking that these days the contract with the devil would be in derivative to our credit default -- the devil would end up with nothing at all. Who wants to ask the first question? Please, sir.

SPEAKER: Well, you said we can't go back before globalism, but when globalism first started, I think the western nation, especially the United States, thought that the model, at least those who were the prime examples of globalism, would be capitalists like United States and democratic like the United States, but yet we find today those are the very nations who are most troubled. The nations that seem to be doing best on globalization, China, a status nation and a quasi capitalist nation, and India, which is also a status nation. So do you think that the United States can -- its role in the world again from these nations, and if it doesn't -- have to leave globalization?

MR. GREEN: Well, a number of points, if I may. First you said globalism and globalization started within the life of the United States, I don't think it did, I think globalization started way, way before that. The momentum is clearly within the last 50 to 100 years. And you're right that some of the recent beneficiaries, some of the new arrivals on the world stage are not represented democracies in the way that the U.S. understands the term. India is actually. You mentioned – of which India plainly is a represented democracy. You asked can the U.S. recover, I wonder what you were looking for the U.S. to recover.

I do think there's an interesting point here, which is not necessarily a comfortable one to articulate this side of the Atlantic, but I'll articulate it, nevertheless, and that is that there have only been, I think I might provocatively argue, there have only been two times in all of world history when there's been one global super power, one of them was between 1815, with the demise of Napoleonic France, any way you care to end it, but I would suggest 1871, with the unification of Germany, so a brief 50-ish years of a global super power based on the power of the Royal Navy.

The second one started, you might want to argue, in 1989, we can all debate the starting and ending points, and I would suggest is – we're kind of somewhere around the end now. This does not mean – of course, that global super powers are about to move off the world stage at all. This is going to be the biggest economy for some while to come, it's going to be the biggest military power for a long time to come, it's going to be a major player on the world stage for all of our lifetimes and that of our children and grandchildren, I would suggest. But I do think the world in general, and America in particular, is going to have to get used to the fact that there are going to be one or two other powers on the world stage.

And I suppose one might then go on to say that to that extent, world – international politics is going to feel a bit more like the tensions and stresses of Europe in the late 19th century than in the period of, you know, 1970's through until about now. Life is going to get more complicated. I don't think there's anything we can do about that.

MR. DIONNE: Mr. Mitchell.

MR. GREEN: I'm venturing into dangerous territory.

MR. MITCHELL: Thank you; Gary Mitchell from the Mitchell Report. I want to – I notice that the title of today's session was Money and Morality, and yet we ended up talking about banks, which is really observed a very long time ago was where the money is, and as we know today, it's a lot of other places, too. I want to talk about an issue – I'd like to get your thinking about an issue that I think concerns a lot of people in this room and in the country at large, and that is money and morality as it relates to politics. And especially in light of the recent Supreme Court decision with which I presume you have some familiarity, Citizens United versus The Federal Election Commission, which equates corporations with individuals.

But the point is that there is a good bit of thinking in this country that money is – it is doing great damage to the political system, and that as it becomes a larger factor, things get worse. And I'm wondering whether, A, in the book, or B, in your own thinking, you've given much thought to money, morality and politics.

MR. GREEN: I'm not an American citizen, nor am I an expert on American politics, and I would feel slightly like I was entering into dangerous territory if I got too far into answering that question directly. E.J., you're in a much better position to talk about it than I am. I just want to make one more general point, and forgive me, it is a more general point because I don't feel competent to talk about the issue of financing of American political activity, and that is that money – what is the connection between

money and – why is money in the sub title, it is because money is the – is kind of the essence of commercial life, has become the essence of commercial life. And as a medium of exchange, you could argue, has the effect of changing the nature of relationships between individuals as they meet in the bizarre.

And there's some very interesting writing from earlier in the last century, around 100 years ago, by a particular sociologist who I do quote in the book by the name of Simmel, he's a German sociologist, he wrote a book called The Philosophy of Money, in which he explores the way in which money changes relationships, as a matter of philosophy, not as a matter of particular political institutional activity. It is written by a German sociologist 100 years ago, so it's slightly ponderous, it must be said, nevertheless, I think it's onto something profound.

And he goes as far as to explore the implications of money, which he regards as both important in its own right, but also as a symbol of urbanization, and I think he's right to see it in that way, not only for the nature of relationships in commerce, but also for its effect on culture, its effect on art, its effect on self-understanding, and it's really quite interesting. And it's for that reason apart from the obvious, straight forward ones that money appears along side morality in the sub title. But forgive me on the specific question of the financing of American politics. I think I'd rather leave it to a real expert.

MR. DIONNE: And I've written on this so much that no one wants to hear my views. Sir.

SPEAKER: I have two short questions. Question one -- the current economic crisis, obviously bankers took huge risks knowing there is to be – that they are to be – and my question is, are governments able to prevent bankers from gambling with other peoples' money, question one? Question two, in times where there is a huge

supply of money in the world, what is the unit to measure wealth? Is it paper money, is it gold, should we get back to – Great Britain with –

MR. GREEN: To the first point, which I feel much more competent to answer than the second one, I think there are ways of stopping bankers and other parts of the financial markets taking unreasonable risks and then turning to the taxpayer and asking to be bailed out, yes. And I think the – one way of looking at the last couple of years will be to say that last year, 2009, was a year of transition, in the sense that we stayed – we, a collective we, stabilized the financial system, which was dangerously near to collapse in the first couple three months of the year, and also that the real economy bottomed out. It looks as though almost everywhere the real economy bottomed out by the end of last year.

Even poor old Britain managed to kind of nudge up its growth rate in the fourth quarter. Not everywhere, Spain is still in recession, but it looks as though the corner has been turned.

This year is the year when the lessons have not merely to be learned, but explored, and then a consensus reached on how to implement them. And they get awfully technical, and I don't want to – unless – does want me to spend a lot of time on what they are. There are lessons about how you define bank capital, how much capital a bank should have that can hold against what sorts of activity, lessons about leverage of banks, lessons about liquidity parameters within which banks operate, lessons about how you oversee other parts of the financial markets and so on. And there's an immense amount of very detailed, technical debate going on at the moment in the context led by the financial stability board, which was a creation of the G20, and carried out at the technical level by groups of people in Basel, under the – of the Bank of International Settlements. And if they adhere to the time table, then by the end of this year, we will

have internationally agreed parameters for the way in which the system is allowed to operate and banks within the system are allowed to operate, which I do believe will have learned the essential lessons from the crisis and which will lead us to be able to say we have strengthened the financial system in a way that should prevent this crisis anyway to recurring.

I'm not so naïve as to believe that that means we'll prevent all future crises occurring. There is something about the financial markets that is just prone to instability. But we can reduce the amount of that and we can reduce the risk and reduce the risk of the call on the taxpayer quite significantly, and that's the project for this year at an international level, very important. On the question of – I'm sorry, what was the second one?

SPEAKER: --

MR. GREEN: -- yeah, sorry, I can't believe that going back to the gold – is possible, you know, I just don't think it's in the realm of possibility, or some form of orchestrated – on woods, meaning where everybody agrees to fixed currency relationships. Nor do I think that's particularly necessary. Actually, interestingly, if you think about the financial crisis, one market in which there was no crisis was the foreign exchange market, remained liquid and smooth operating throughout. Currencies have moved around, the dollars got a bit weaker, nothing the last few weeks, admittedly the Euros got weaker, but these are movements that are perfectly explicable in terms of the basic economic imperatives of the various economies are concerned.

So I don't think a return to – on woods is actually what is called for at the moment. And, indeed, right at the present moment, you have an issue in the Euro zone, of course, which is a form of mini – on woods, because you've got one particular country which is in difficulty, and the whole question about how does that country get bailed out is

very much in the headlines at least that side of the Atlantic, and it sort of reminds you of some of the pressures that did exist when – on woods existed and why it eventually broke down, by the way.

MR. DIONNE: Since you're right there, and there are so many people I want, this lady afterward, and then the gentleman there, and then I'll go to the back.

SPEAKER: I was wondering what role does democracy play in globalization? We have – most corporations are controlled by oligarchies, I believe. I mean the management system are not democratically elected. And nations like China are certainly oligarchies in controlling the economy. And the previous question related to corporations paying for campaign financing of elected representatives to U.S. Congress. One wonders what they're beholding to these corporations also.

MR. GREEN: Well, as I said in response to the previous question, I don't feel competent at all at the American political system, so forgive me. But to state the obvious, as I mentioned, I use the Churchillian defense of the markets, well, I certainly think it was the Churchillian defense to be – for democracy, i.e., it's the worst system except for all of the – that have been tried from time to time, and it will be messy. It's messy in this country, it's messy in my country, particularly messy in my country at the moment because they're in the throws of an unacknowledged general election campaign at the moment. And then there are countries in Asia who have different constitutions and different approaches. Who knows how they will evolve over time? I think before one assumes that all of Asia is non-democratic in its institutional structure, that's worth making two points, one is that even within a country like China, there's quite a lot of pluralism and more than I think many people recognize in the way it actually operates in the country; and second, that you have the world's largest and successful democracy sitting in Asia.

This was a country that only a year ago went to the polls peacefully and fairly, and on the basis of 700 million votes, elected their government. I mean let's, you know, celebrate that for what it was.

All of my Indian friends would tear the hell out every now and then about the way the government actually carries on. That's no different from the way we in Britain tear our hair out about the way the British government carries on, and I suspect you may do so here.

As to corporations and democracy, I think that's slightly a more complicated issue. I don't think it's true that corporations are run by oligarchies, at least it doesn't feel like it sitting inside one. And, of course, it is the case if the directors are elected, the management isn't elected, but the directors are elected, and they're not elected, at least in the case of large public companies, by a, you know, a small oligarchy of shareholders, they're elected by, in our case, 200,000 shareholders. Do they all cast their votes? Don't know. Are some of those votes – are some of the votes wielded by a relatively small number of pension funds? Yes, they are, but it's not that small a number of pension funds, and they are operating on behalf of what we calculate in our case to be something like 17 million people.

So I think to say, at least speaking for this particular institution that happens to pay me, it doesn't feel like it's an oligarchy kind of deliberately out to corrupt the workings of the – of market economics globally.

There clearly are many issues, and many injustices, let it be said, many injustices in the way democracies work and non-democracies work. And the fight for justice will be with us for the rest of time one way or another.

MR. DIONNE: I've seen corporations are about as democratic as the United States Senate, as you were describing that, so let me just press you on that, I

want to bring this lady in. There was a line in the book I was looking for, I had arguments with the book in the margins, I don't know how you read books, but I scribble a lot in margins, and there was a moment in the book where you talked about all kinds of good things that had happened, people getting pensions, people being able to purchase things, and you said these were the results of capitalism, and what I scribbled in the margin was, no, a lot of these things were the result of democracy, of organizing, of unions, of laws, in other words, it isn't capitalism itself that spread these things around, capitalism did produce wealth, but that the very things you were praising were the product of democratic decision, and that the – again, it goes back to the problem of the global economy is, there are no – there is nothing comparable to a democratic structure, which is – and I just wanted you to comment on that.

MR. GREEN: I mean I think that's a fair comment. Clearly, in the case of pensions, for example, it was famously Bismarck who first created a national insurance system, not the big – combines of the time, and so that's clearly right. I think it's also true, and you said it, that it's within the context of capitalist activity that these products do get created and honed and improved and spread, and to make the obvious point, too, and they're also often screwed up, and sold and misconstrued and so forth. Like I say, you know, at its best, it does it wonderfully, at its worst, it's terrible, but we have no real alternative to finding a way of working with the market to continue to develop and spread these benefits.

MS. CHOY: Yes; my name is – Choy, I'm – analyst. First of all, I want to thank you for your splendid book, it was absolutely fabulous. First of all, it was very interesting because you avoided temptation to keep – offer any lectures or preaching in your book. Are you focused on set questioning, which is quite remarkable – for bankers. My question is that, looking at the money and where – and you as the Chairman of

HSBC, one of the most profitable banks in the world and partly due to having two good – bankers in your board which is a very good start, and my –

MR. GREEN: Ex –

MS. CHOY: Forgive me, yes, Mr. Sultan (phonetic) is here. And obviously you have – banker. My question is – on certain word, and – talk about – issues. You're already a member of the Prime Minister's Business Council, you do play important – unpaid basis, but my question is –

MR. GREEN: That is unpaid, yeah.

MS. CHOY: -- my question is, UK and – at the moment, UK is – I guess banking issues, treasury, Bank of England, FSA, shared, dealing with bank – conservative with election May 6, and – quite akin to change structure, so my question is, in his view, it make sense to strengthen Bank of England as – law and create a CPA, and do you have any view, and B, should – retire before year 2013, and you would be excellent person to – would you be interested in this role?

MR. GREEN: Well, on that last point, I've got a day job which I'm enjoying doing, thank you.

MR. DIONNE: You couldn't say, no, I want to call everyone to –

MR. GREEN: Well, this is a piece of – if you follow the British media, this is a piece of – developed and it is complete – But the other point, the point about what is the right structure, I think the visitor from Mars could design different ways of setting up a regulatory structure. It is clear that you've got to have macro economic policy management, I think everywhere belongs with a central bank, you've got to have, to use the current jargon, macro prudential regulation, meaning system stability and the stability of big institutions within the system. I think everybody would acknowledge that those two things have to sit quite closely together, the macro economic and the macro prudential.

There are all kinds of other regulatory issues, stretching all the way from the regulation of much smaller institutions, of brokers and other kinds of entity, through to customer issues, how are products sold and marketed and those kinds of questions, and exactly how you defined responsibility for all of those things is less important, in my view, than making sure that however divide it up, you've got the right people doing it and talking to each other, because you've got to have some kind of division of labor in doing this.

This isn't just ducking your question, but I genuinely think there are different ways of setting it up, and the important thing is, how do the different arms of this overall regulatory regime work together.

In the case of Britain, I think all the regulators have acknowledged that in the – certainly to begin with and well after the crisis and in the early part of the crisis, they weren't doing as good a job as they could have of working together. I would testify, speaking as a regulatee, that that has improved enormously, and I think the body works quite well in regulating the British environment at the moment. And I'm not going to comment on the U.S. environment.

MR. DIONNE: Susan, how much time do we have left, because we have so many people –

SUSAN: About ten minutes.

MR. DIONNE: What I'd like to do is bring in several people at once. Now, that does allow our speaker cleverly to dodge the questions he feels like, but this is a very morale person, so he will try to take them on. So if I could go first on this side, this gentleman, that gentleman, and the gentleman in the back, if you can be brief so we can get you all in, then I will move over to this side. Thank you.

SPEAKER: This is on behalf of my 16 year old daughter who is a faithful HSBC customer.

MR. GREEN: I hope we give her good service.

SPEAKER: I promised it. She's done some work in micro finance in Vietnam recently and would like to pursue that as a career. Any thoughts you have on the future of micro lending in very poor nations would be much appreciated.

MR. DIONNE: He writes about that in the book – CV – an excellent job application, I admire – who do that.

SPEAKER: Yeah – free-lance correspondent – described the U.S. as the Wall Street capitalism, and Europe is social capitalism. Since you are Chairman of the Prime Minister Business Council for Britain, what's the kind of capitalism you think is right for Britain? And you talk about priceless is relationship, and since globalization, urbanization, people get to – and the nation get close together, so in order for the stability of society and international relation, do you think humanity is very important and how to nurture that? Thank you.

MR. DIONNE: Thank you; and then this gentleman right here with the yellow shirt.

SPEAKER: One thing we've seen in recent decades is the tremendous rapid innovation in electronic technology, computers and telecommunications. That's made it easier for bankers and others in finance to arbitrage existing regulations, sidestep the rules. Given that the technology is irreversible, what are your thoughts in terms of the extent to which there has to be a fundamental rethink of banking and financial regulation in a manner that relies less on detailed prescriptive rules and relies more on the incentives that are dangled in front of marketplace players?

MR. GREEN: That's a good question.

MR. DIONNE: Why don't you take that package and then we'll go to the right side of the room?

MR. GREEN: Okay. Well, micro lending I think has an enormously important part to play in – particularly in rural development, particularly in emerging markets. In our case, we sponsor and support micro lending activities in a number of countries, India being the biggest example in our case. It's very hard for big institutions to do it. I think it's – the difficulty about micro lending is, it's hard to scale, and therefore, it is – of its nature, something is done by a lot of small units, and where the bigger institutions can play that part is in technical advice, capital support, and sometimes funding support, and sometimes personnel – even.

But I think it's a very powerful device, it has very attractive characteristics, it reaches into rural areas, it empowers women, as you – I'm sure everybody knows about micro lending, it's kind of 90 plus percent women who are the clientele, it brings them into commercial life, into the mainstream, empowers them, it has all sorts of ramifying positive effects. I'm a huge believer in it. And if your daughter would like to send me her CV, she's welcome. On – to the question at the back about – I mean I think what you're asking for is – which I do share, that if globalization continues in the way that I believe it will, and I think its failure to do so has some horrendous implications which we wouldn't really want to accept, so if it does, it follows as night follows from day, but we have to get to know each other better, and we have to understand our call on humanity.

And there are some positive things to build on in this. What is striking to me is how very widespread the sense of understanding of what the values are for a successful business relationship are, how very universal those values are. This is not a case, in my view, the cultures have such fundamentally different approaches to values and what it is to be human, but that we're bound to clash with each other.

I'm a fundamental disbeliever in the clash of civilizations thesis. There are risks of it, for sure, but is that the likely outcome, that is the thing that we should mainly prepare for by fundamentally rejecters of thesis. On the contrary, I believe, and my own personal testimony, I do have the privilege of having traveled to a lot of different countries and lifted some, the more you get to know each other, the more you discover the commonality, the more you enrich your own experience, the more you understand each other, it's not merely business practices, but they're art and culture and so forth, the more enriching it is. So I think there's a – that's why at the end of the day I'm not an optimist, at least not an naïve optimist, I'm at any rate somebody who believes in the power of hope.

And then to the last question on regulation and how you do that, and that's an awfully – we could spend three hours on it. I don't think it's enough, given all that we've experienced, to say it is just a matter of articulating some principals and then hoping people will live within incentives to comply with the principals.

I think it is inevitable that regulation will become more intrusive than that. The fundamentally important point, in my view, is that regulation – the regulatory development has to be done internationally.

The financial markets are firstly not compartmentalizable into banks versus rest. I mean it's like a balloon, if you pinch one end of the balloon, the air just goes up to the other end. And secondly, they're borderless. If you control it in one country, it will migrate to somewhere else. So international – it calls for all that we can sum it up in terms of international coordination. And there are risks to that, there are risks at the moment to this, as different countries come out with their different proposals. It takes a bold person to be encouraged by the current state of that, and yet we have no alternative but to proceed.

What I do think is interesting, just to step back from the specifics of regulation for one second, is the emergence of the G20. If there was ever a sign institutionally at the moment of what I was saying earlier about the way in which the lineup of political power on the world stage is shifting, it's the arrival of the G20 and the marginalization of the G7.

Quite appropriately, it seems to me, you can't solve the world's problems, not just financial and economic, but also environmental climate change, et cetera, without taking onto the world stage, accepting on the world stage countries like China, India, Brazil, Saudi Arabia, et cetera. You don't have to pretend that everybody has the same constitutional arrangements, you don't have to admire all aspects of each other's country, obviously, yet we do have to recognize the fact that we can't solve these problems by reaching – painfully reaching the cords on that kind of – in that kind of forum.

MR. DIONNE: And then we'll go to this side. As Stephen talked, it reminded me of an old friend who was far less hopeful than he was about dialogue. This friend said sometimes when people really get to know each other, they come truly to understand why they hated each other in the first place. This lady –

SPEAKER: Hi, thank you for being here. My question is, HSBC is known for frowning on high pay for its executives. You've been quoted calling banker's pay distorted and inflated, E.J. also attested on this earlier, but today HSBC is making headlines for the proposed pay increases for 2010 for its executives, and I just wanted to get your stance on this.

MR. GREEN: Well, I think the only thing I can usefully say on that is, we have not said anything publicly, we haven't made any announcements, we do our results on Monday week, that is the point at which we will – there's speculation around at the moment which I wouldn't want to comment on. My general comment stands, that the

market in – the labor market, if you will, in the banking world has been distorted when you look backwards. I think there are ways of getting that right. I think the principals are articulated by the G20, just to go back to that for a second. And specifically in the case of the UK, the FSA code, which is now mandatory on the banks, which forces not quantum limits, but structures of pay that align the pay with the risk, and therefore, with the real interest of shareholders and the real interest of the taxpayer. As that beds down, I believe you will have markets in which we can be more confident that proper pay is being given for proper performance. That is something you could not have been confident in looking backwards.

MR. DIONNE: I would support you if you wanted to hound him further, but I don't think he's going to go anywhere on that question. These three folks here, the gentleman, let's do all three of you, the gentleman with the beard, if you don't mind my describing you that way.

SPEAKER: A number of ecologists and environmentalists are beginning to talk about the impossibility of the economy continuing to grow, at least as far as natural resources are concerned, their indefinite expansion just is not a possibility, and yet as I understand it, I'm not an economist, but as I understand it, expansion, growth in the economy is necessary for capitalism to exist, so I'd like your comment on that. The second thing that's related is, although you've talked about regulation, I haven't heard the word government as far as I know, and the question is, in terms of specifically environmental problems and the problem of externalization of cost, what's the role of government in approaching – in moderating the market so it can work with those problems?

MR. DIONNE: And then two more. This gentleman on the aisle and then this gentleman over here.

SPEAKER: I'd like to question the assumption that we all are resentful of the huge pay differentials in the world today, because we're not – all of them. For example, movie stars, pop stars, sports figures make huge differential, nobody begrudges them that one bit, even if they don't like their product, they don't, because they can't exclude people from the market and they don't get government bailouts. Now, that's – now we get into the compensation of the people in the Gold and Sacks and other finance capital. Isn't that really the problem? The government has its hands – its thumbs all over the scales of the market – housing market to begin with, but also in the bailouts themselves. And people refer to this, and the economics literature has morale hazard, that if you bail people out and subsidize the risk, you're going to get a lot more of it, and the destructive consequences, but that's a utilitarian analysis, but I think there's also a morale analysis of morale hazard than it is just simply wrong for innocent people to have to pay for other peoples' mistakes.

MR. DIONNE: And just for the record, I resent all kinds of pay differentials myself, but you're a good libertarian by the way you ask that question.

SPEAKER: Yeah; here in the states, of course, socialism is a very evil word, with the exception of Vermont, but – and also, the idea of the welfare state in Europe is just all kinds of commentary about why that's really incompatible with capitalism or market, it is just a mess over there in Europe, although we've had our record of new deal and economic schools without progressivism, but the question I have is about what kind of capitalism, what difference does it make in terms of globalization as to what kind of capitalism there is, to what extent does the kind of co-existence of democratic socialists and capitalism produce benefits, to what extent does it put a drag on benefits that you were talking about?

MR. DIONNE: And could I ask the last question? Whenever I hear –

SPEAKER: -- a list of these questions.

MR. DIONNE: I usually write them down, but I – I always feel like making a case for democratic socialism when somebody asks that kind of question. But anyway, my question is, in a funny way, the flip side of that, which is, we know that no economic freedom can produce this tyranny, that is to say no – government controls all of the resources everyone has.

On the other hand, it is not at all clear that economic freedom produces other sorts of freedom, political freedom. We now have seen that a certain kind of capitalism can co-exist with rather vicious dictatorships, and I just want you to comment on that side of the question, too.

MR. GREEN: Well, you'll have to help me if I miss out, on the question of growth first, I don't know whether growth is necessary for capitalism, nor do I think that growth is necessary for the rest of time, and clearly you're right, but at some point, even if we keep on postponing that point, an economy as currently you can see runs out of the resources to – The big imperative for the world at large at the moment is, indeed, to move to – particularly to low carbon growth models. And actually I'm not an expert on this, but – suggests that actually quite considerable progress will get made over the next ten to 20 years, and needs to get made if we are to continue to inject more and more carbon emissions into the atmosphere with the deleterious effects that I believe that does have.

I realize that some people question it, but I believe the evidence is reasonably compelling. What is the role of government? The government is essential to this. You've got a problem with the – with carbon emissions at the moment, there is no proper pricing, this is a good – which obviously has a cost, but not a price, which is another – into the thing we were talking about earlier, things that have cost but don't have prices, and therefore, too much of it is being produced, and we've got to get out of that

cycle, and the only player in the social setup that can impose that cost is precisely government.

Now, in the next breadth you've got to say, and it's international governments that have to do it. Again, it's a classic problem, it's not merely a problem with the commons, but a problem – it's an international problem of the commons which forces us to recognize that we've got to work together. As that happens, and I'm assuming that does happen over the next two to three to four years if we get proper pricing of carbon, then I am confident enough that the ingenuity of the markets will lead to the unleashing of the appropriate technology, the development of the appropriate technology, the financing of the appropriate technology, to bring growth towards a low carbon format which we'll be a lot more comfortable with.

One thing for sure is that at the labor level, we cannot do without the growth. It's all very well for us in relatively wealthy America or Britain to say we could go to a no growth economy, but actually if you are in Africa or India or China, you can't afford to say that because there are people living in abject – in their hundreds and millions and billions in those countries, and what we take for granted is beyond the wildest hopes of so many people. So we have to continue to go for growth. It has to be low carbon if we're to protect the planet for our grandchildren. I forgot what the next question was.

MR. DIONNE: Does the resentment differential come from the bailouts?

MR. GREEN: And plainly, it is definitely aggravated by that, and that has to do with the distortions that I was referring to. I don't know about resentments and other kinds of compensation. At least in my country, there is quite a lot of resentment of the pay of, for example, senior entertainment figures and the public television channels is

attracting a lot of attention at the moment. So it isn't just the bankers, but nonetheless, there's no doubt where the fire – concentrated, and it is understandable why.

I guess I said earlier what I believe to be the case. I believe there's a – of work to be done to make the market more effective. You will not at the end of the day have egalitarianism, and that leads individual challenges that need to be faced up to by the individuals. But clearly, the distortions in the market, including the fact that the institutions concerned could then turn to the taxpayer for bailout after the individuals concerned have walked off with our millions is part of the source of real public anger, no question. And then the question on democratic socialism.

MR. DIONNE: What kind of capitalism – I think – is it fair to say the more – you can skip my question.

MR. GREEN: The evidence is, looking backwards, that capitalism can co-exist with different forms of government, including some understandings of what communism might be, and I'm – but there are certainly countries around the world that still refer to themselves as communists, but are not in any original meaning of that word communists, but are plainly not represented democracies.

Secondly, it concurs with fascism, we've seen that in previous decades. And thirdly, it does seem to be the obvious economic form that goes with represented democracy. There aren't many cases where it's lasted for very long, but a represented democracy has voted in a fundamentally non-capitalist form of economy.

It existed for a little bit in Europe after the war, for rather specific reasons, I would suggest. I think a better assumption is that normally the norm will be market capitalism, not unregulated. I mean I hope that everything I've said has added up to it being clear that I believe that capitalism has to be regulated by government

regulators, but that that is the normal form of economic activity that will co-exist with represented democracy.

As to the final question in that, as to whether a represented democracy will or will not become a universal human experience, well, that's another question, as I say.

MR. DIONNE: I want to make two points in closing. First, on the adjectives question, I was interviewing a communist party spokesman in Italy, and they had just put out their economic program, and not anywhere in the program was there an attack on capitalism, and I asked this spokesperson for the party, you know, I didn't see any attacks on capitalism, and he said, well, you cannot talk about capitalism anymore without adjectives, and that's when I thought, we're all capitalists now.

MR. GREEN: Can I just interject one very quick thought? You mentioned the welfare state issues in Europe. One thing is for sure, and I can say this living that side of the Atlantic, is that there is a fair degree, there's clearly a difference of central gravity this side of the Atlantic from that side of the Atlantic about those sets of issues. And when you talk amongst Europeans, whether they're British or continental, about the debate that has gone on in this country about health care, there's a widespread amusement. I'm well aware of what gets said this side about the arrangements there, and maybe this is just one evidence of how far we are yet from a uniform world even amongst developed countries.

MR. DIONNE: There's actually widespread amusement about our health care system here. And one of my favorite moments in Martin Luther King's I Have a Dream speech is when he quotes the prophet Amos and says, let justice roll down like waters and righteousness like a mighty stream, I never expected to read a book by a banker that likes that very same line from Amos and quotes it in his book, which means

that Stephen Green is not your typical banker, he's not your typical Anglican priest, and that makes his book and him and Stephen Green himself very interesting, and we thank you for your book and for being with us today. Thank you.

MR. GREEN: Thank you.

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