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Further explorations of possibilities, methodologies of the future and rogue traders

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Abstract

This presentation continues the discussion begun in May 2014 on the use of pragmatic constructivism and the actor reality construction framework in the analysis of financial crime. Here, I examine one aspect, which is the use of the work of Barbara Adam on actors' concepts of future time to develop an empirical framework for researching possibilities. This is applicable to any empirical study using actor reality perspectives, but I am particularly interested in how rogue traders and their employers envisage and act on the possibilities open to them.

Keywords: English medium instruction; higher education; university management.

Introduction

Barbara Adam is a social theorist based at University of Cardiff in the UK. She has written about theories of time in relation to food, the environment and post-industrial development but since 2004 has been funded by the ESRC to develop a sociology of the future following from the work of Bell and Mau and others. She also draws on the work of Weber to develop conceptual frameworks for the study of social action which is 'performed in the temporal domain of open and fluid pasts and futures' (Adam, 2010). She is particularly concerned with the flow between fact and possibility (which makes an immediate simple connection with the actor reality framework) and with the methodology underpinning the concepts that she proposes. From this, she begins to touch on empirical study but does not go as far as demonstrating methods, although other researchers are exploring methods for examining the future. Her contribution is to suggest that rather than knowledge, the nature of future oriented actions, processes and ethics are more appropriate objects of empirical study. She explains it as:

'Methodologies associated with future studies are largely those appropriate for matter and space but inappropriate for the temporal realm. They tend to focus on the products (the socio-material outcomes) of action and not the action, on the symptoms not the processes, on the material but not the temporal side.... Without a thorough temporal analysis of the interweaving of past, present and future, and processes, however, much of what social scientists need to and should study escapes that methodology' (Adam, 2008: 114)

Adam and her colleagues are pragmatists in the sense that they are concerned with the responsibility of researchers in their role as citizens as well as experts to create better future societies, another point of contact with actor reality construction. However, her methodological standpoint is more toward critical realism than constructivism. Despite this, I think that there are points of contact that make her 'In pursuit of the Future' project very relevant to our discussions.

Therefore, I propose that we examine first, the concepts of the future that might help us to understand ‘possibilities’ and ‘facts’ more fully. Second, I propose that we examine the methods that could be used to understand actions, processes and ethics in a particular case (which draws in ‘communication’ and ‘values’).

In brief, the work of Adams is rich in concepts but the following (taken from Adam and Groves, 2007; Adam, 2011) are particularly relevant to the rogue trader study:

- Future presents and present futures
- Empty v crowded futures
- Commodification of the future and disembedded futures
- Frontier spirit
- Valorisation of speed
- Structured irresponsibility
- Futures in the making (future making/future shaping)
- Probable, possible, preferred and produced futures
- Future as fact, fiction, fortune and fate.

The context of investment banking and the trading floor presents a mix of actions that are future oriented. Apart from the obvious trading in financial instruments which are futures based, the nature of accounting for fair values, the notions of strategic planning and the underpinning drive for financial status and wealth all mean that the actors within the environment are experiencing lived futures, a term Adam links to Heidegger’s notion of *dasein*. The actions and processes by which the future presents of actors become present presents (or facts) – including those that are essentially fraudulent – can be traced and observed. In other words, what were and are the possibilities open to them, what were and are facts, and at which point did future possibility become present or past fact, or be shown to be illusory? What was negated along the way? How do we obtain evidence, and how should it be analyzed? For rogue trading, the possible sources of evidence are as follows:

- Financial reports and other communications from the bank under investigation;
- Media sources;
- Autobiographical accounts by rogue traders (but these are often written in conjunction with a ghost writer or journalist);
- Transcripts or reports from court cases;
- Interviews where obtainable.

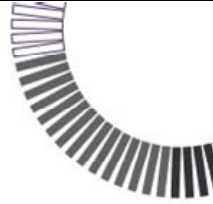
All are mediated accounts – we cannot return to observe what is happening and are reliant on a mix of contemporary communications that are almost certainly subject to impression management and hindsight which is filtered. However, memory is as important as more object traces of how actors thought about the future in the past. One thing other thing we can do is observe the actions and processes of the bank now, and explore the extent to which their new future presents are shaped by cautionary tales of rogue trading from the past.

In terms of methods, a discourse, narrative or content analysis that concentrates on finding the elements of possibilities and future thinking on all or most of the above sources is probably the best approach. In addition, examining and mapping the actions and processes apparent from the accounts, and evaluating the ethical standpoints of actors would address Adam’s concerns that we do not just examine who had knowledge of what at which time but look at the actions, processes and ethics involved in future making. No-one can know the future but it has a reality. Constructions of reality can have unintended consequences, whether built on fact or fiction, which brings us part way back to the original question of what financial crimes may tell us about actor reality construction.

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Bringing together future presents and possibilities - the work of Barbara Adam



Adam extends the definitions of present futures
v future presents from Niklas Luhmann

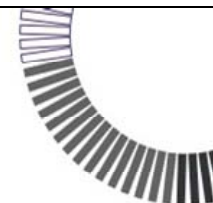
Present futures

Approaches to the future from the standpoint of the present
Through which we seek to predict, transform and control the
Future for the benefit of the present.

Future presents

A standpoint which positions us with reference to deeds and
processes already underway
It allows us to accompany actions actions to their potential impacts
on future generations

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Bringing together future presents and possibilities - the work of Barbara Adam

Present futures

Utopian approach that allows for prediction
Factual present is real, futures lack reality status

Future presents

Invisible process futures in progress are real and living
Are technologically constituted and enable us to transform future presents into present presents

Ethical potential differs between the two

(Adam and Groves, 2007)

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Commodification of the future

The future is treated as an economic resource
Potential benefit of an action = expected return for the present
(Ibid)

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Present futures

What can the future do for us?

Future presents

What are we doing for the future?

Are we the producers and managers of an open future?

(Adam, 2010)

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Bringing together future presents and possibilities - the work of Barbara Adam

The future as fate, fortune, fiction and fact

(Adam, 2010)

Succession and duration have been replaced by
Instantaneity and simultaneity

Electronic communications technology bestows on people
Powers that previously been the preserve of gods

(Adam, 2011)

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In terms of bank trading floors

Can we 'hypothesise' at this stage that:

Executives, managers and traders have their own topoi

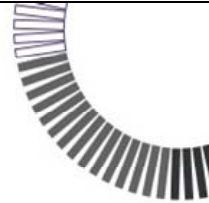
Managers are more involved with future presents
Traders are more involved with present futures

Managers have a future shaping role – future as fortune/fiction
Traders have an dis-embodied view of the future – more future as fate/fortune

Managers have more idea of succession and duration
Traders have more idea of instantaneity and simultaneity

Might this help us understand the possibilities (and facts) of each topoi?

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In terms of rogue trading

IS there a financial crime: usual conviction is for falsifying records to cover rogue trades and/or losses.

Can we 'hypothesise' at this stage that rogue trading:

Happens in a topoi in which the future is a commodity

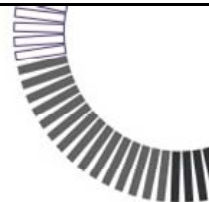
Where the present future is more important than the future present

Where the future has become an extended present

Where mindsets fluctuate between future as fate, fortune, fact in regards to trading

Where the fraudulent activity is either part of a fiction OR a fatalistic game OR a quest for fortune – what sort of possibility is it?

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Knowing the future – Memories of future.

Images. projections, expectations,

Plans, actions,

Aspirations, hopes, fears

Symbolic verbal written auditory visual

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Thank you

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