

***Our World's Economic
Evolution:
Breakdown or Breakthrough ?***

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Plan

- Choosing Our Future
- How?
- Why?
- Conclusion

Choosing Our Future

“The best way to predict the future is to invent it” (Alan Kay)

- All our large scale systems (education, healthcare, economy, money, cities, energy, transport, etc.) have been invented or perfected for the industrial age.
- They are all out of date, and will need to be changed...during our life time.

Example: Choosing Our Future

Stefanie => Green Cities?

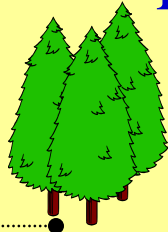
Requirements:

- Reducing energy consumption by 80%
- Grow in the cities 70-80% of food needed
- Invite biodiversity back
- High quality of life for all
- Perpetual learning environment for all

Money as a Motivation System

- None of this will happen with today's money as predominant mass behavior motivation system.
- Prevailing Hypothesis: Money is “value neutral”
 - Money is a passive medium of exchange that simply facilitates exchanges.
 - The type of money used doesn't affect the type of *investments* made, the *kind of transactions* performed, the *relationships* among users.

Example: types of investments made



10 years

\$ 100

Physical Reality
(Tree Metaphor)

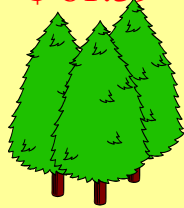


100 years

\$ 1,000

Currency with Positive
Interest @ 5%/year

\$ 61.39



Financial Viewpoint

\$7.60



Value discounted to today:

**Consequence: all financially motivated choices are
programmed towards short-term thinking**

Three Simple Questions

1. Who creates National Money?

- The Governments?
- The Central Banks?
- Someone else?

2. How is National Money Created?

- By the Printing Press?
- By Debts with the Banking System?

3. How is the money monopoly enforced?

- By law?
- By taxes?

Definition of Money

- ◆ Economic Textbooks always define money by its *functions*:
 - ◆ Unit of Account
 - ◆ Medium of Exchange
 - ◆ Store of Value
- ◆ Our working definition:

Money is an *agreement* (usually unconscious) within a *community* to use something as a *medium of exchange*.

Plan

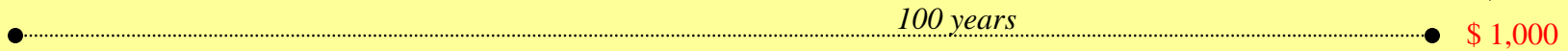
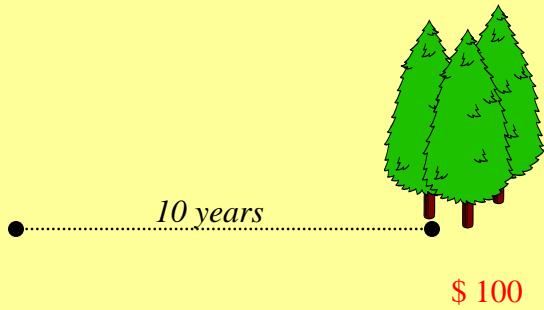
- Choosing Our Future
- How?
 1. Terra
 2. Boons
 3. Social Purpose Currencies
- Why?
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My Proposals

- We need an ***Ecology of Currency Systems*** each with specific aims, functioning as ***complements*** to national bank-debt moneys.
- Includes for example:
 1. **Terra**: a **global currency** that is nobody's national money, and that makes thinking long-term profitable
 2. **Boons**: **Intentional city currencies** empowering local governance with the financial means to realize their citizen's vision
 3. **Social purpose currencies** to address poverty, aging population, wellness, learning, and other transition issues.

Terra as Global Currency

Physical Reality
(Tree Metaphor)



Currency with Positive Interest @ 5%/year

Value discounted to today:



Financial Viewpoint

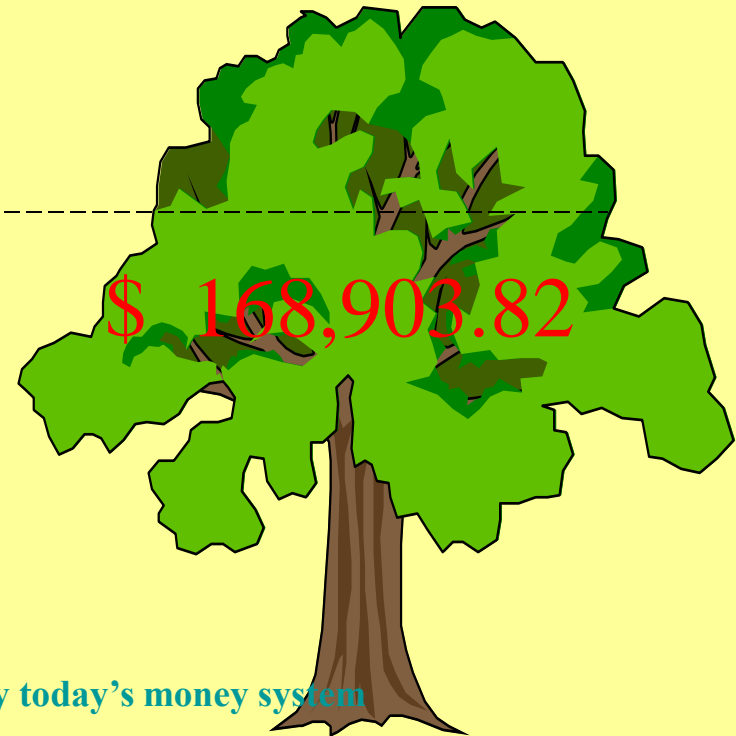
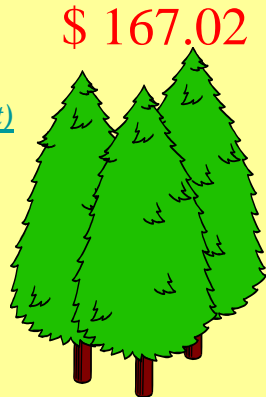
\$7.60



Currency with Demurrage @ 5%/year

Demurrage = time-related charge (opposite of interest)

Value discounted to today:

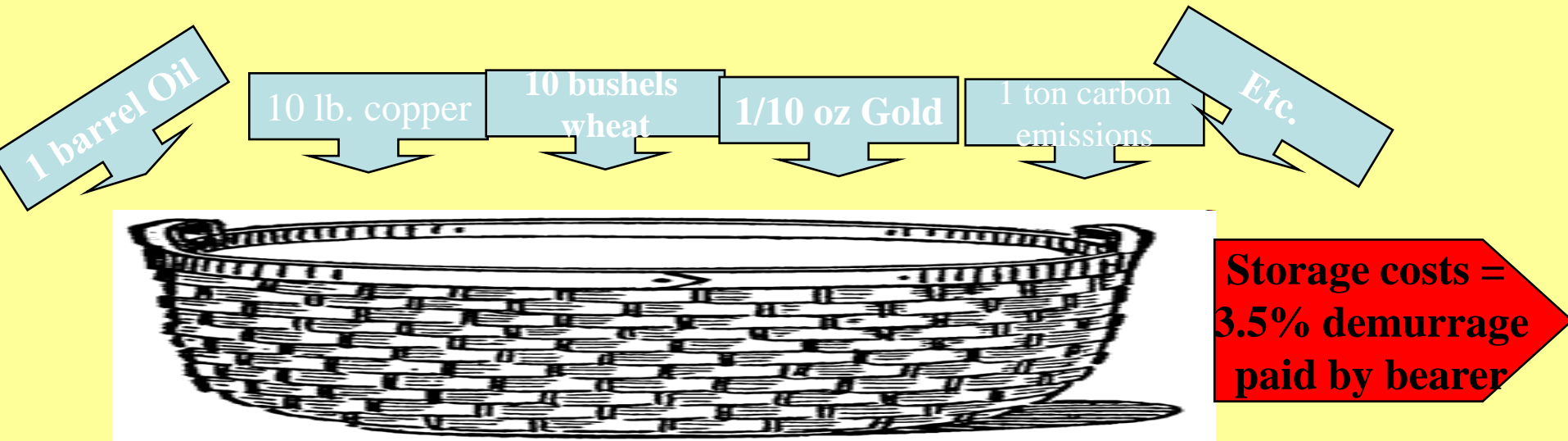


⇒ Short-term thinking is *not* intrinsic to human nature, but created by today's money system

⇒ NB: Historical Precedents: Dynastic Egypt, "Age of Cathedrals"

Structural Solution

Terra = standardized basket of dozen key internationally traded commodities & services



↓
**4 x Less Volatility
than US\$**

↓
**Inflation
Resistant**

↓
**Fully Backed
=> Robust**

Structural Solution (2)

Issuing Mechanism (Example)

- ◆ **Terra Alliance issues electronic Terra as inventory receipts for commodities sold to it by producers.**
 - Example: oil producer sells 1 million barrels of oil to Terra Alliance, gets credited with Terras at market prices, and can use Terras to pay suppliers...

Win/win Solution

Benefits

- Terra is standardized countertrade
=> **No need for new international treaty...**
- **Terra is countercyclical**
=> **stabilizes world economy**
- **More stable and predictable international currency that is nobody's national moneys**
- **Systemically less Short-termism**

Plan

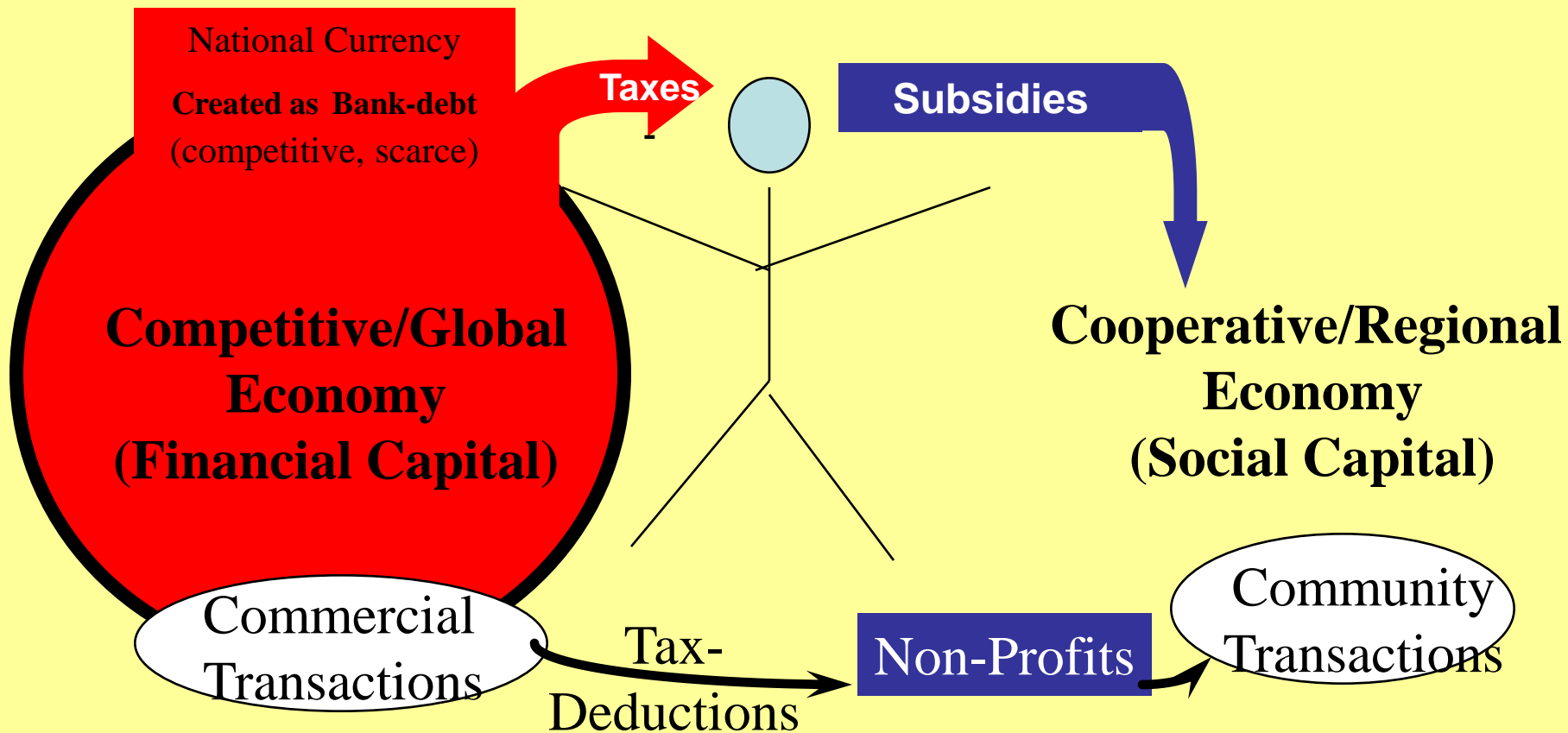
- Choosing Our Future
- How?
 - Terra
 - Boons: What governments should do
 - Social Purpose Currencies
- Why?

Boons

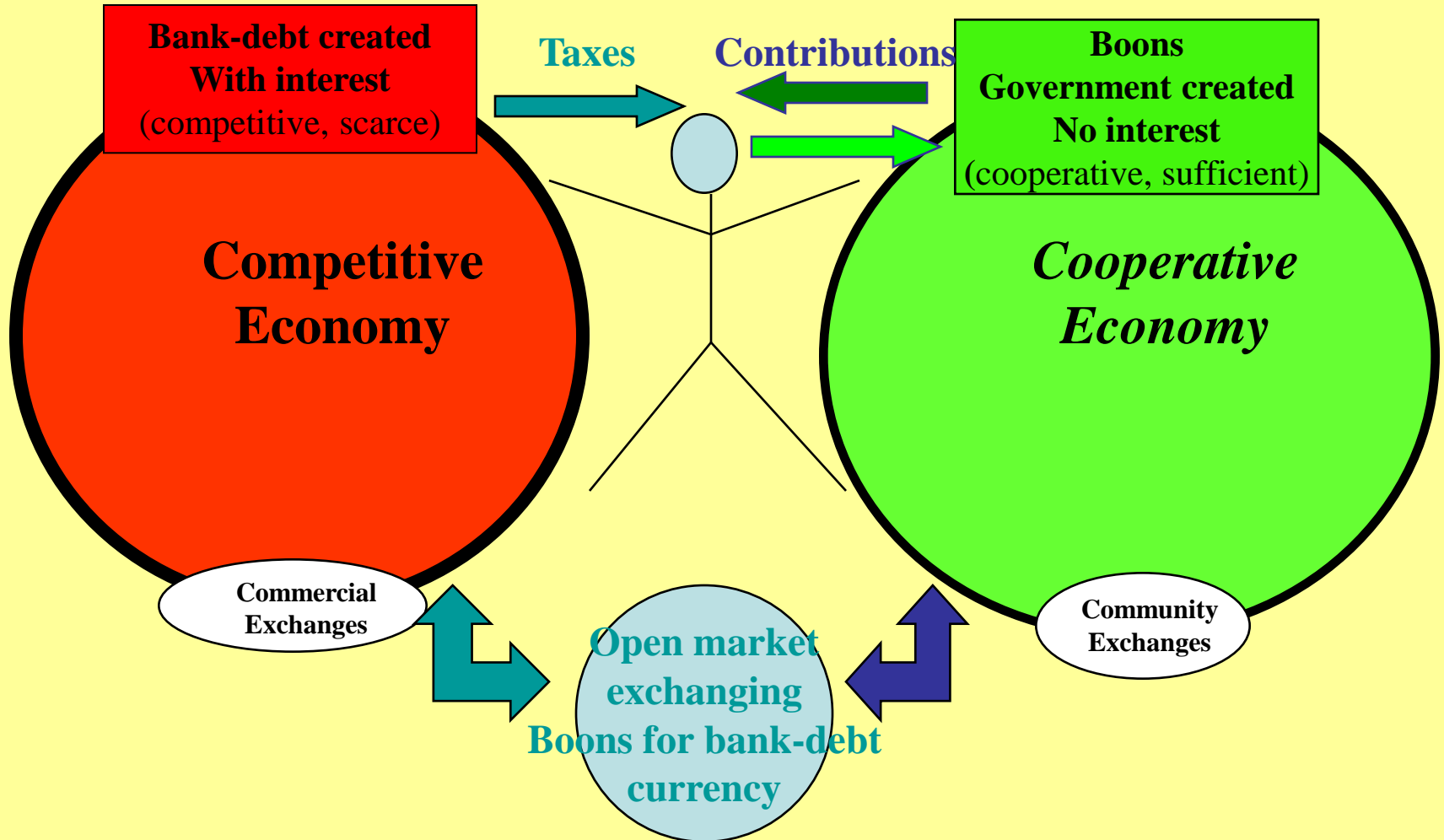
- City government requires both taxes (in conventional currency) and contributions (in cooperative currency).
- Solves government budgetary constraints for functions such as: social, learning and labor components for environmental issues.
- Makes it possible for everybody to develop their gifts, and choose different lifestyles (or mix of lifestyles).

System View

Living with the Single Bank-Debt Currency



Solution: Empowering Complementary Currencies



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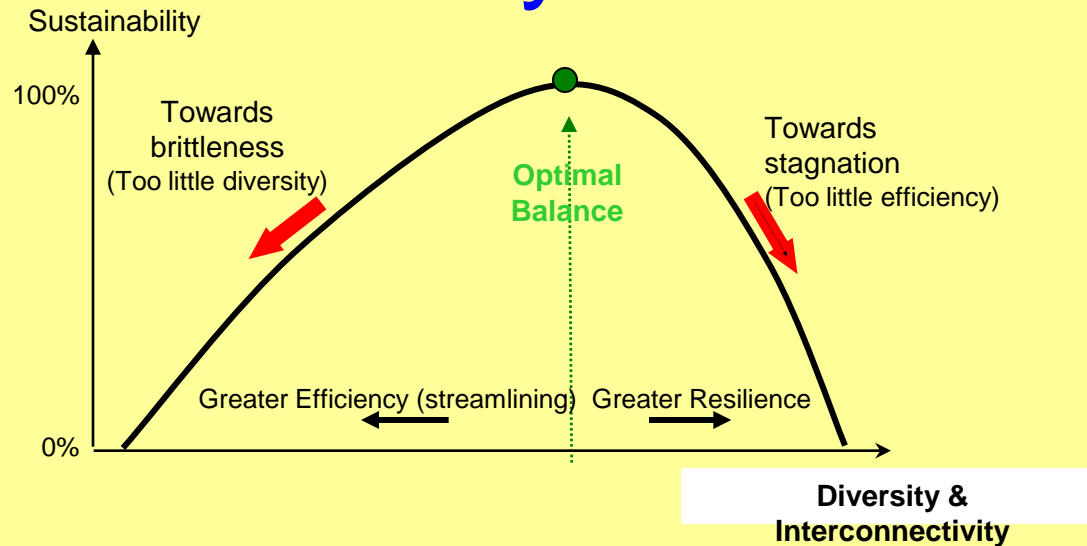
Plan

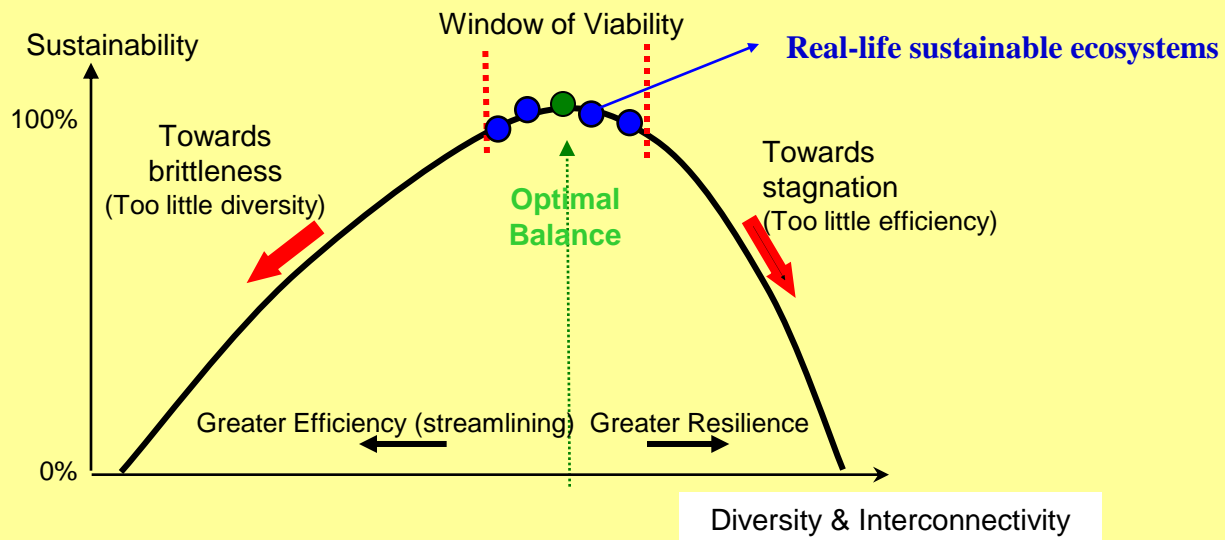
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- Why?
 - Scientific Reason
 - Three Other Reasons
- Conclusion

Sustainability of Complex Networks

- Robert Ulanowicz 25 years of ecosystems flow data. Natural ecosystems have in common to be sustainable. What else do they have in common?
- Sustainability of complex network results from appropriate *balance* between **Efficiency** and **Resilience**, emergent properties from 2 **structural** variables of complex networks: **diversity** and **interconnectivity**
 - Lower diversity and interconnectivity allow for higher efficiency.
 - Higher diversity and interconnectivity allow for higher resilience

Sustainability in Natural Ecosystems

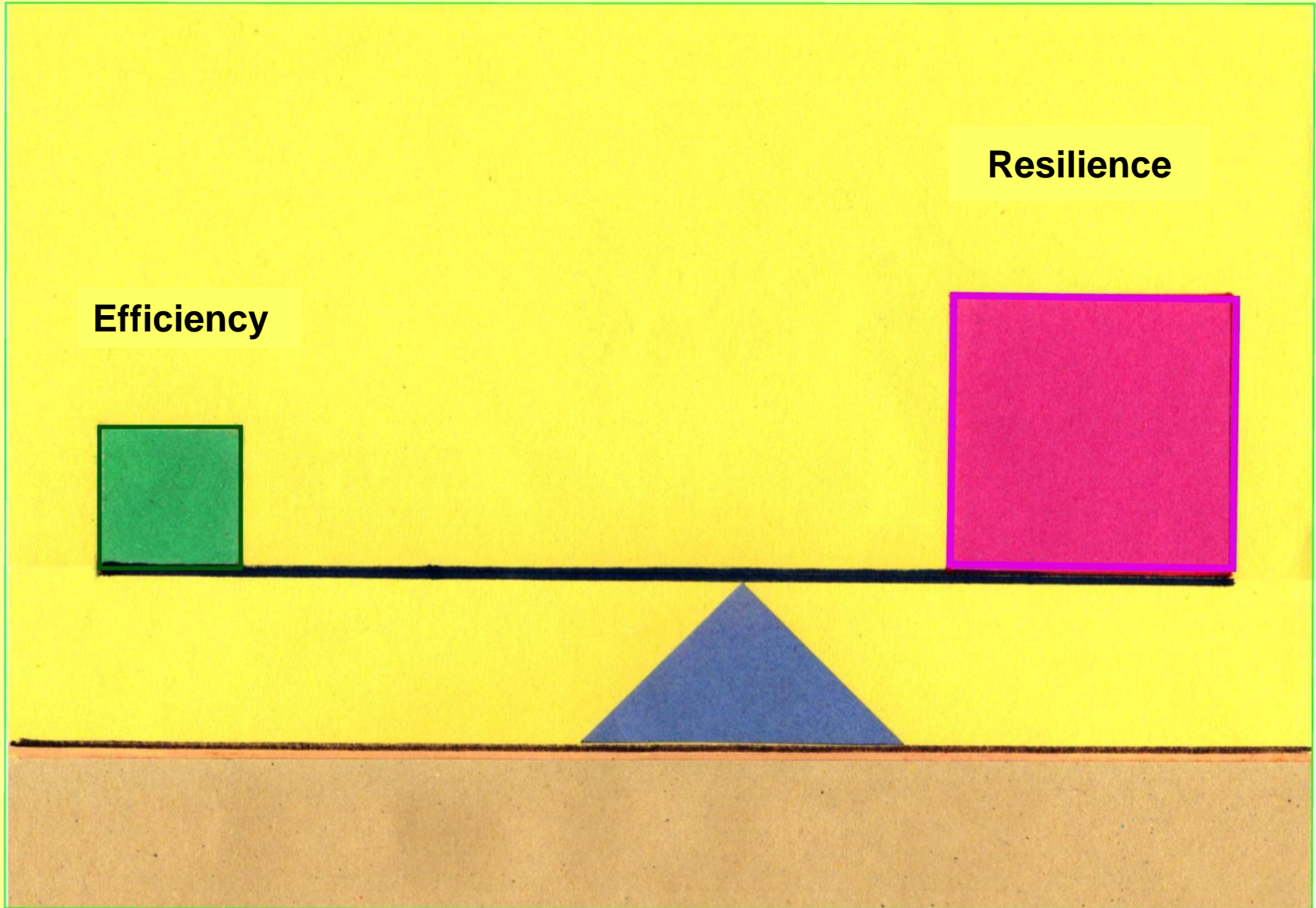




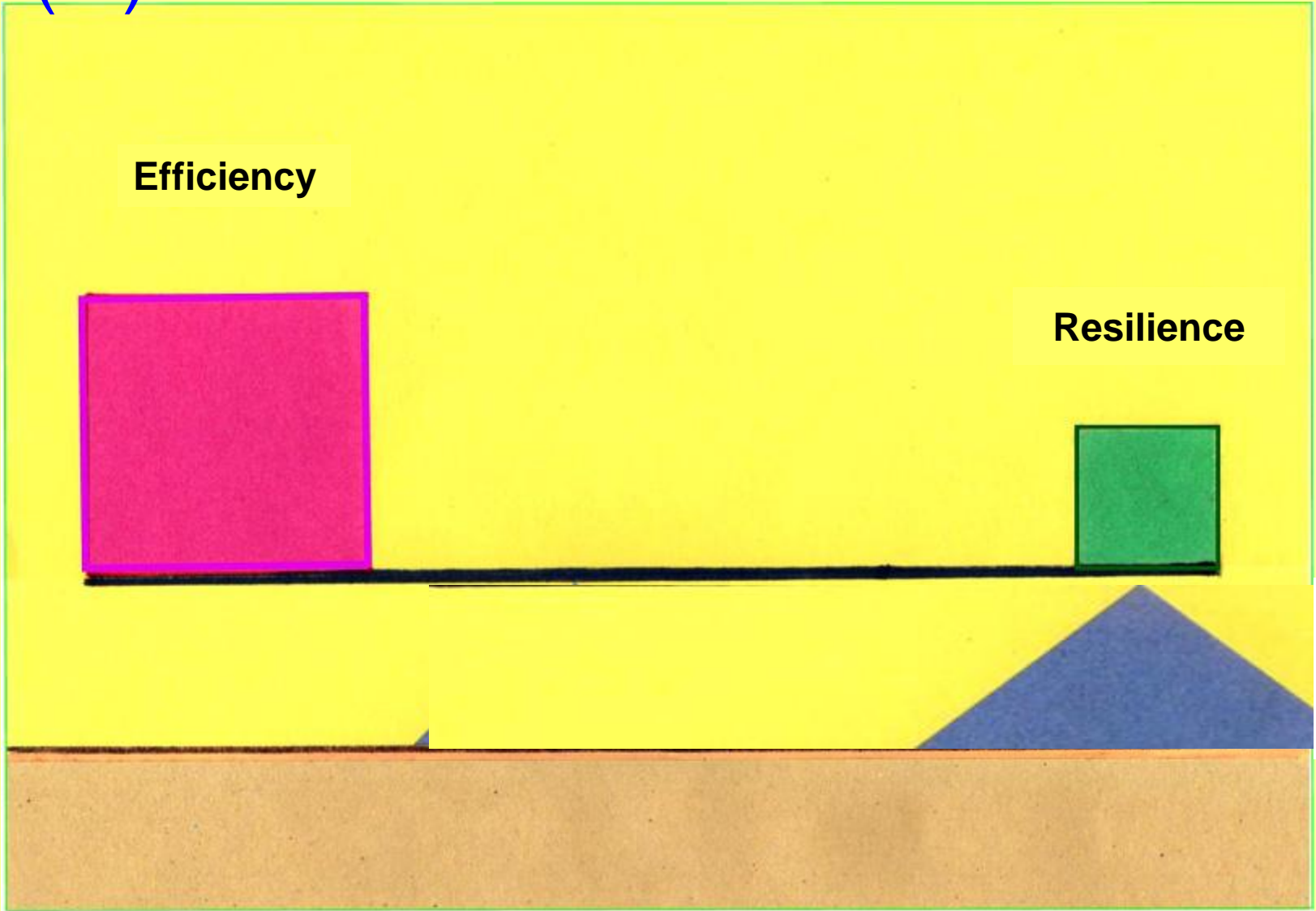
Complex Networks

- **Diversity** and **interconnectivity** are 2 **structural variables** => applies to all networks with similar structure, including money system!
- Structural variables are independent from *what* is being processed in network
 - *biomass* in an ecosystem,
 - *electrons* in electrical circuit,
 - *information* in immune system,
 - **money** in an economy...

Balance in Natural Networks



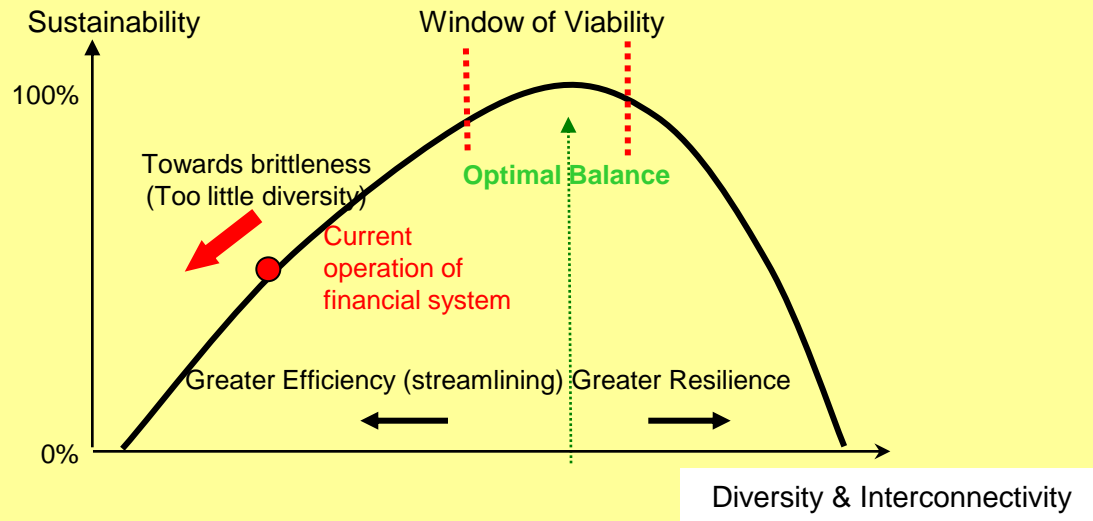
(In)Balance in Our Financial Network



Symptoms of Systemic Monetary Instability ?

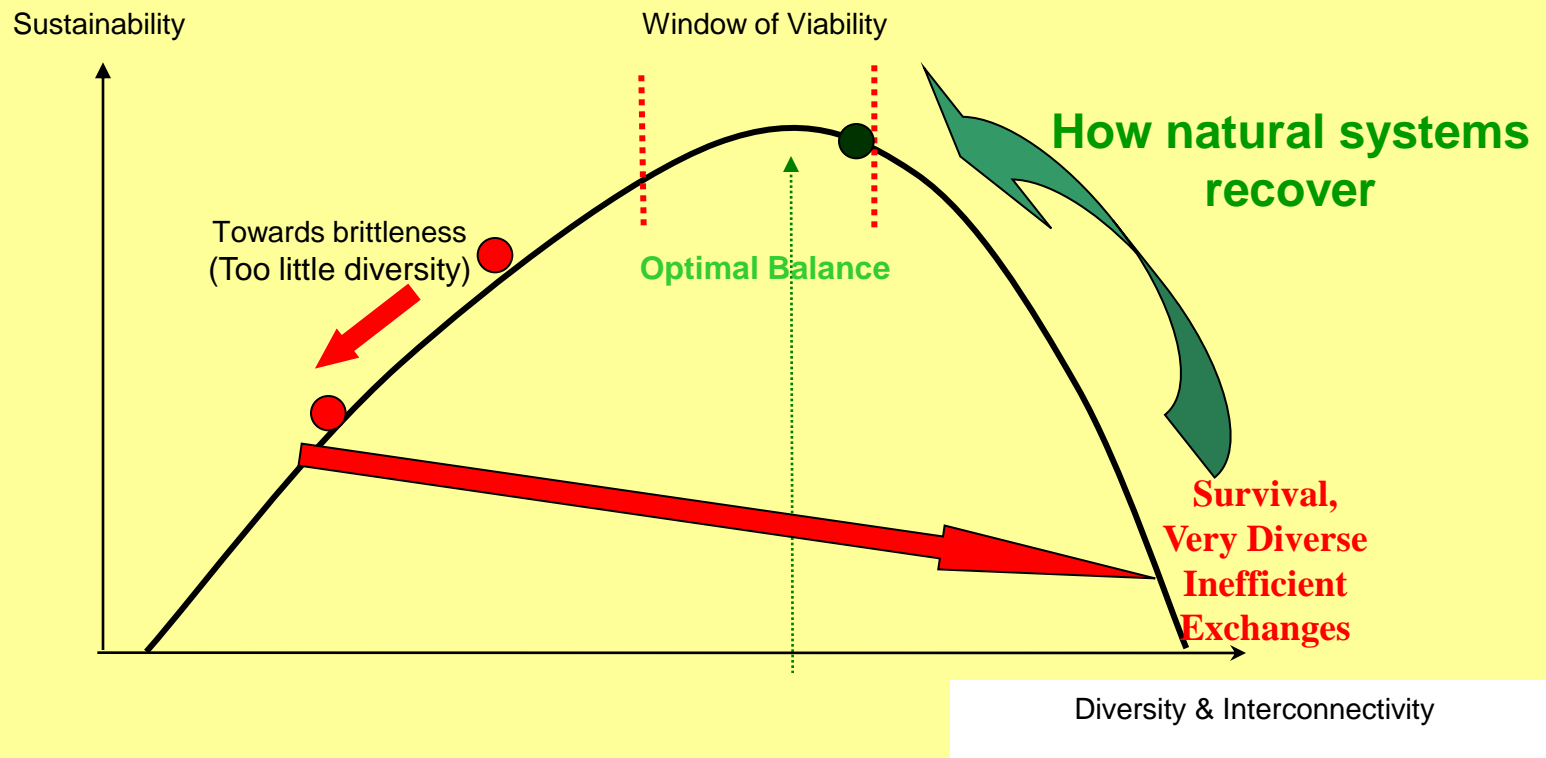
- On-going financial crisis is the biggest, but not the first such crisis:
 - World bank identified 96 previous banking crises and 176 monetary crises in recent 20 year period
 - Such crises are a remarkably “hardy perennial” (Kindleberger)
 - 48 well documented major meltdowns between 1637 and 1929.
- My claim: financial system is ***structurally*** unstable
 - “Monoculture = accident waiting to happen”

Application to Monetary System



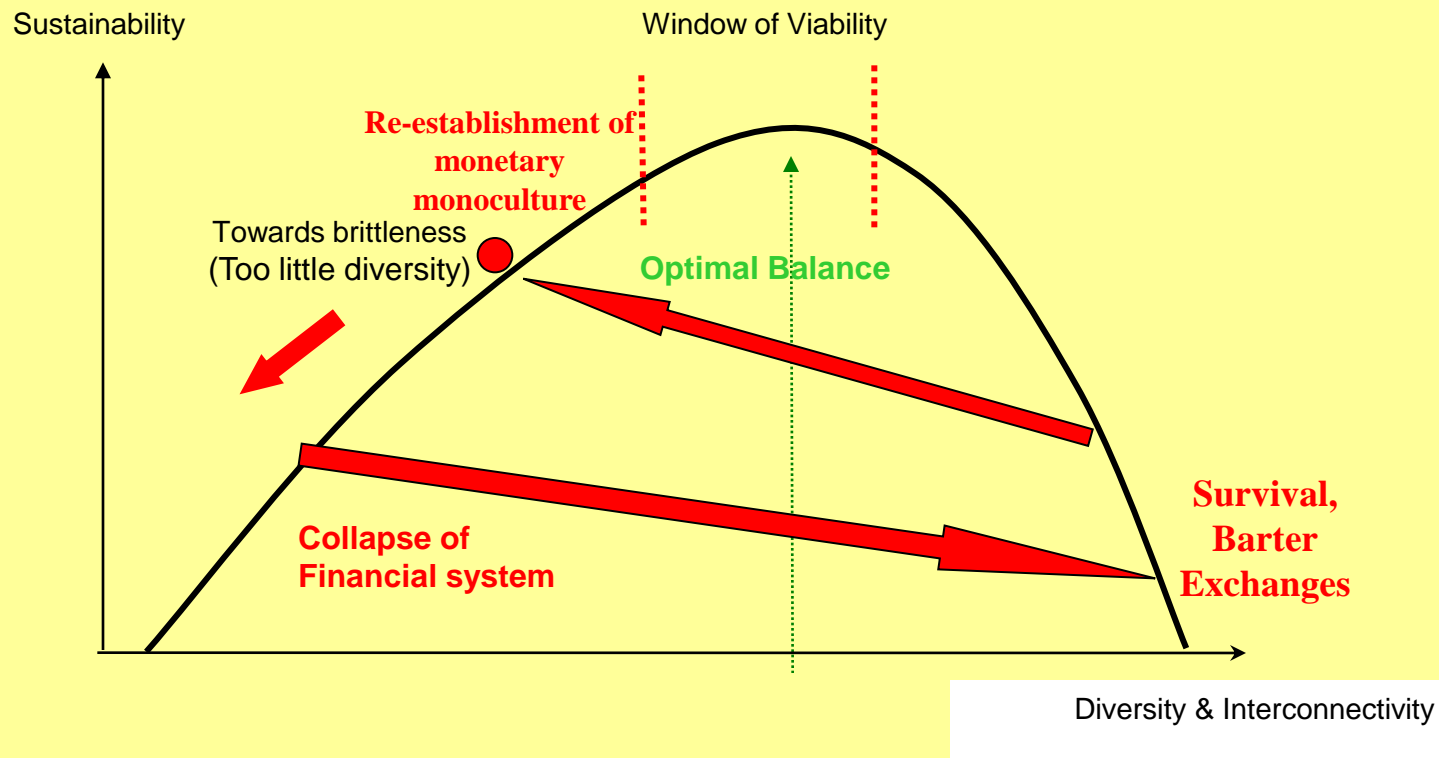
After a Crash

Recovery in Natural Ecosystems



After a Crash

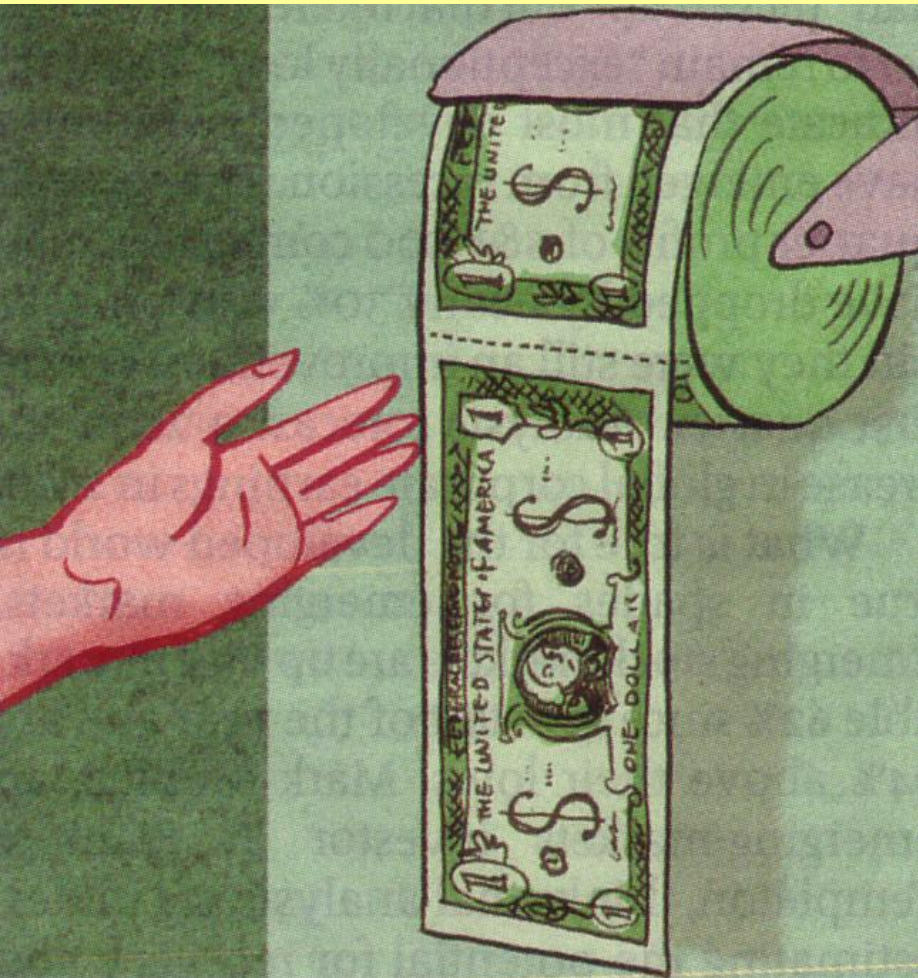
Reinstating Bank-debt Monopoly



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 - Other Reasons
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**2d Reason: the existing system is now
in process of systemic failure...**



The Economist

26 Septembre 2009

3th Reason: Value Shift Patriarchal vs. Matrifocal

- **Patriarchal Societies**

Monopoly of centralizing
Currency with interest

=> Great for Industrial
Revolution

- But Promotes:
 - Booms & Bust cycles
 - Concentration of wealth
 - Destroys community
(incompatible with gift
economy)

- **Matrifocal Societies**

Dual Currency Systems

- Patriarchal one for long-distance
- Different type of currency (bottom up) for local exchanges
- Promotes:
 - Economic stability for centuries
 - General well-being for the “little people”
 - Builds and sustains community

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Conclusions

“Money is the crowbar of power” (Nietzsche)

1. Monetary systems are the most powerful tool to induce mass behavior patterns, or mass behavior changes...
2. Significant monetary changes occur only after the collapse of the previous system
3. *“Be Prepared”*: Chaos theory predicts that we will soon have to choose between a breakdown and breakthrough...

Are YOU willing to do something about it?

Follow up

- ◆ www.lietaer.com Supporting documentation
- ◆ Email contact: blietaer@earthlink.net