

Why the money system makes the economy depend on growth

The need for non-debt money creation

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Current orthodoxy

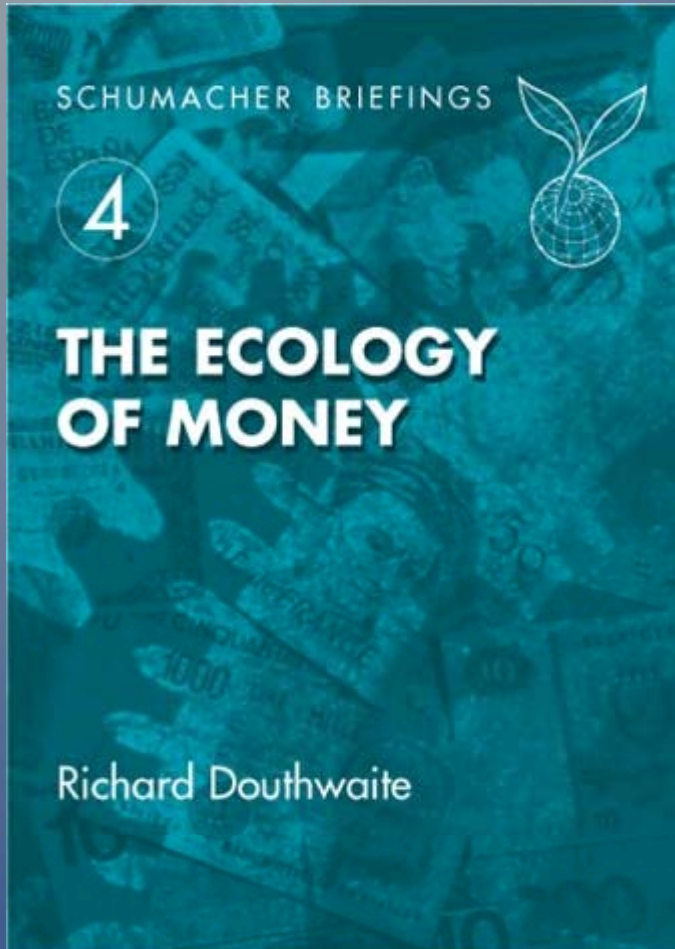
Most economists take the money system as a given. They assume that there is only one type of money

Money is “value neutral”

Money is a passive medium of exchange that simply facilitates exchanges.

The type of money used doesn't affect the *kind of transactions* performed, doesn't influence the *investments* made, or the *relationships* among their users.

The Ecology of Money



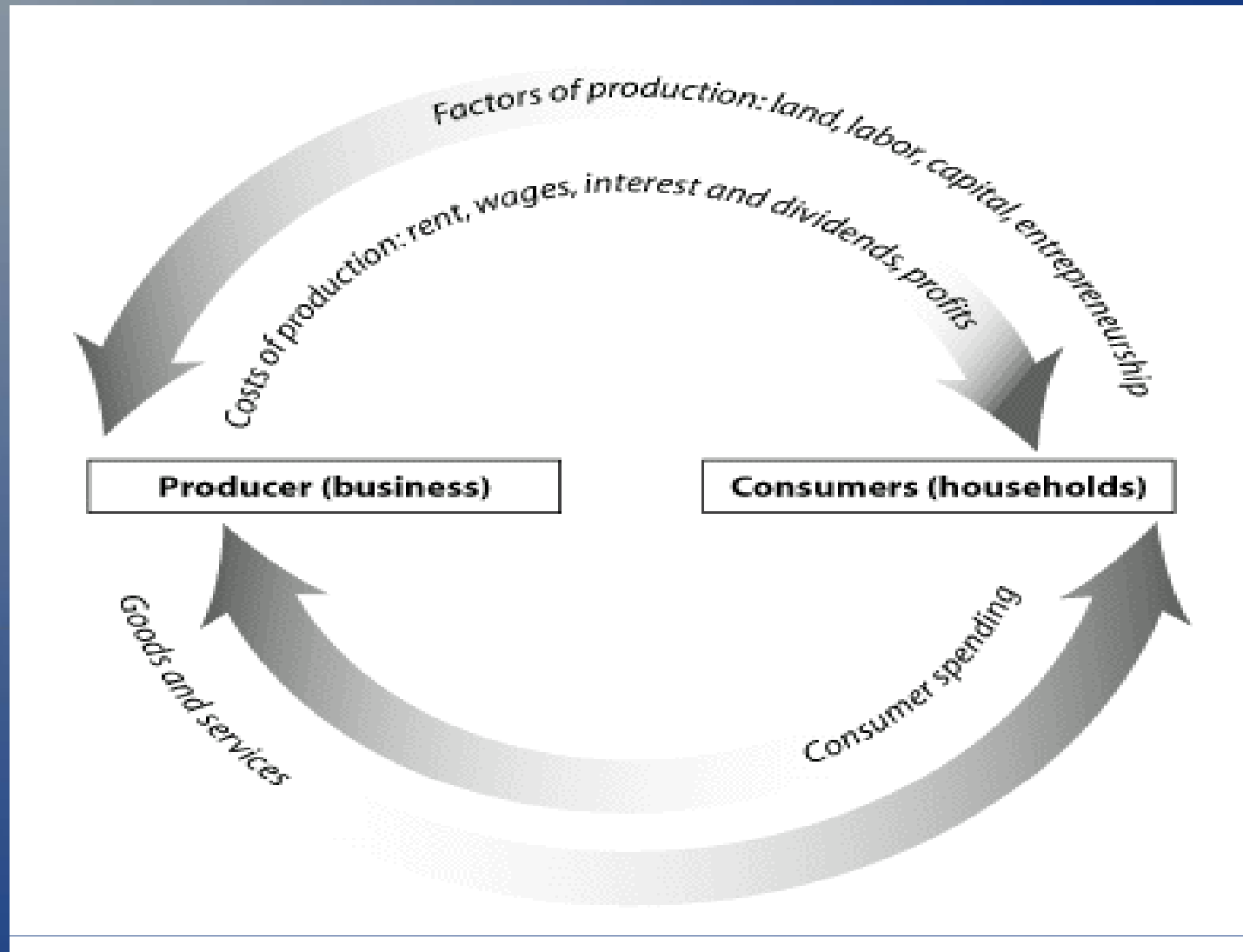
...es of money. Ideally, we need different purposes. Conflict between savings money.

...neutral". It matters a great deal who created, how it is created and why it is

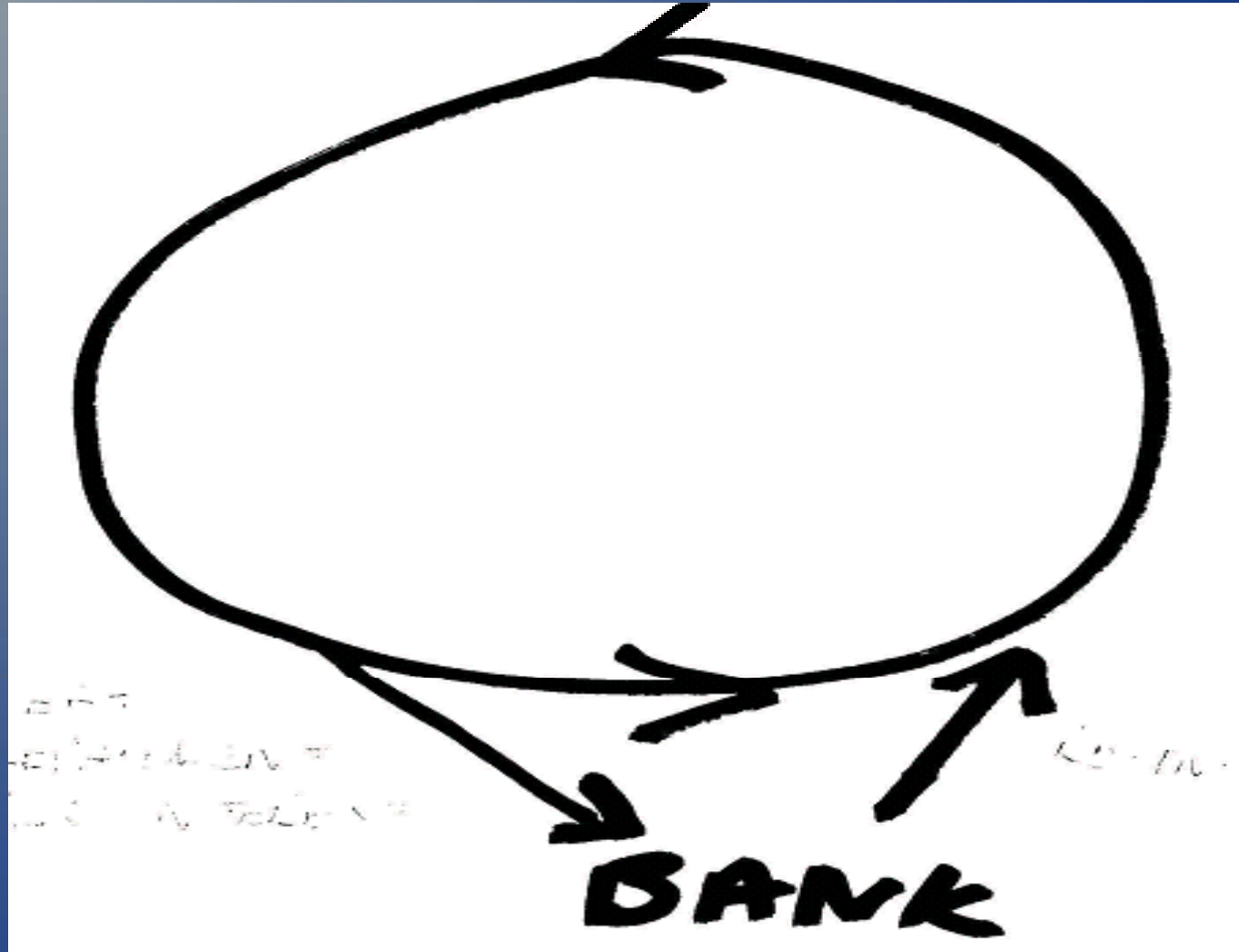
Why does debt money demand growth?

1. Interest has to be paid.
2. Investment has to continue.
3. People have to be prepared to borrow.

The circular money flow

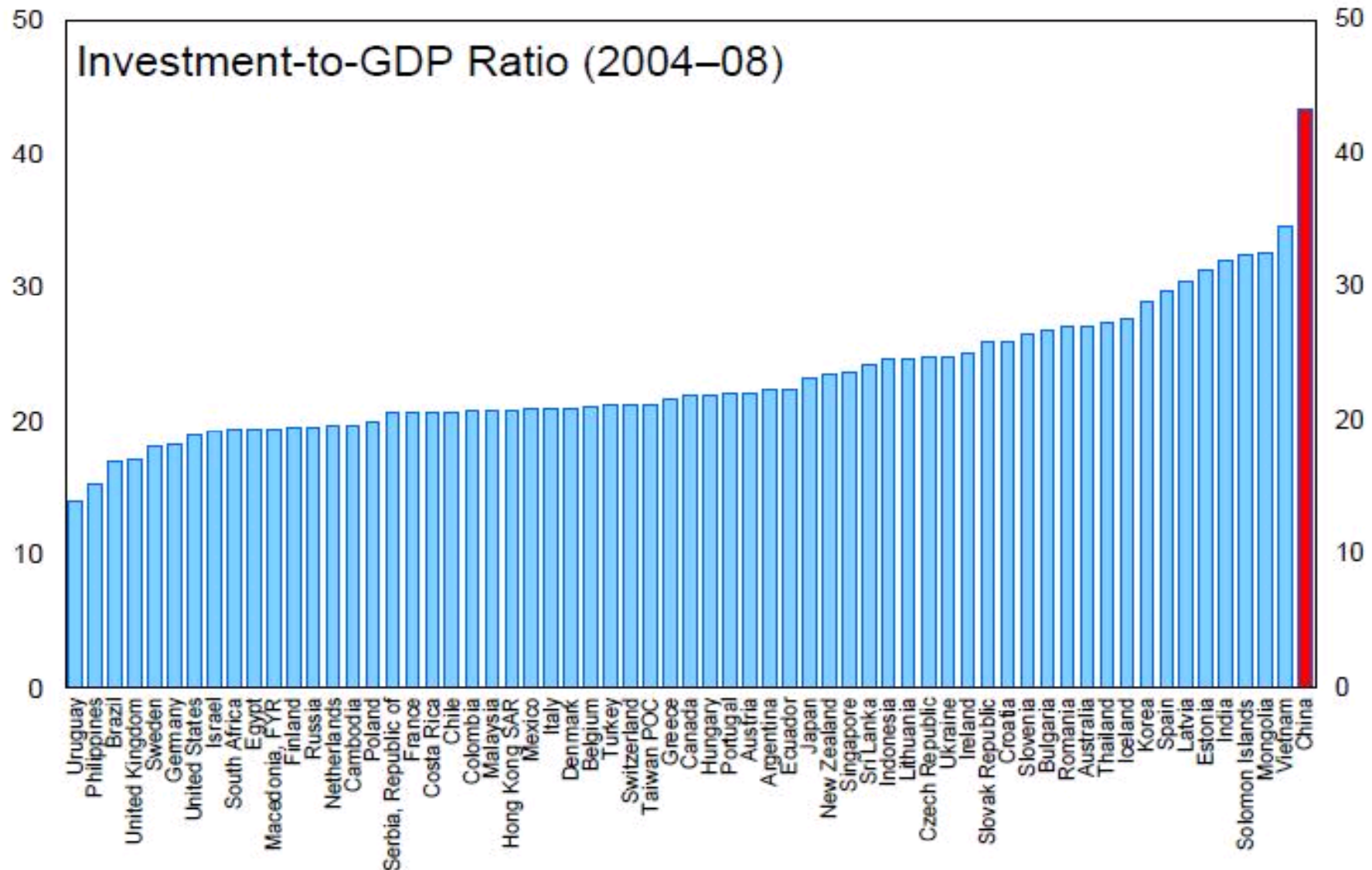


The circular money flow



Only retained earnings need to be replaced

Investment has to earn a return



Source: World Economic Outlook.

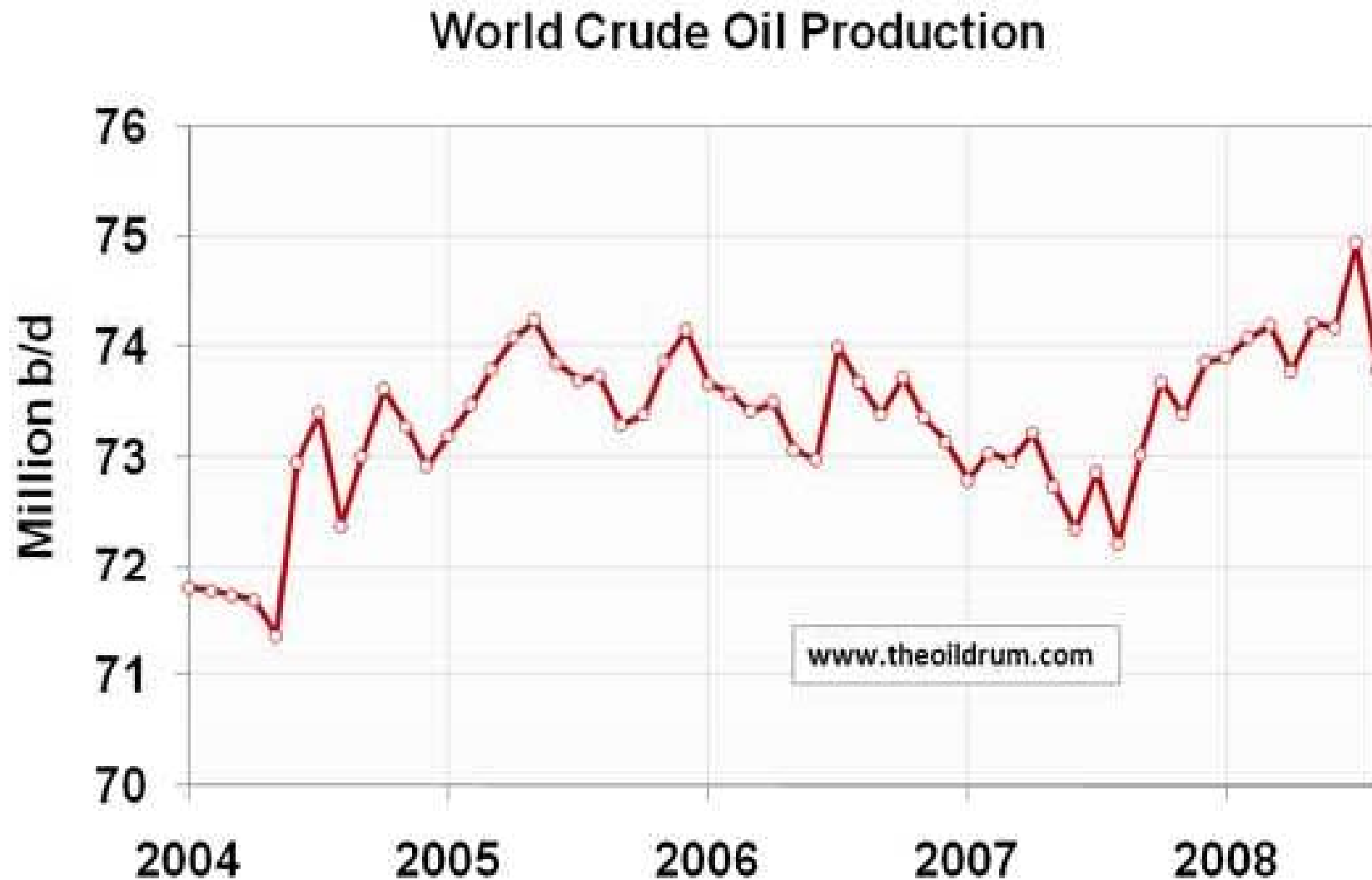
People have to be happy to borrow

People will only borrow – and banks will only lend - if both sides are confident that the borrower's income will be big enough in future to service and repay the debt.

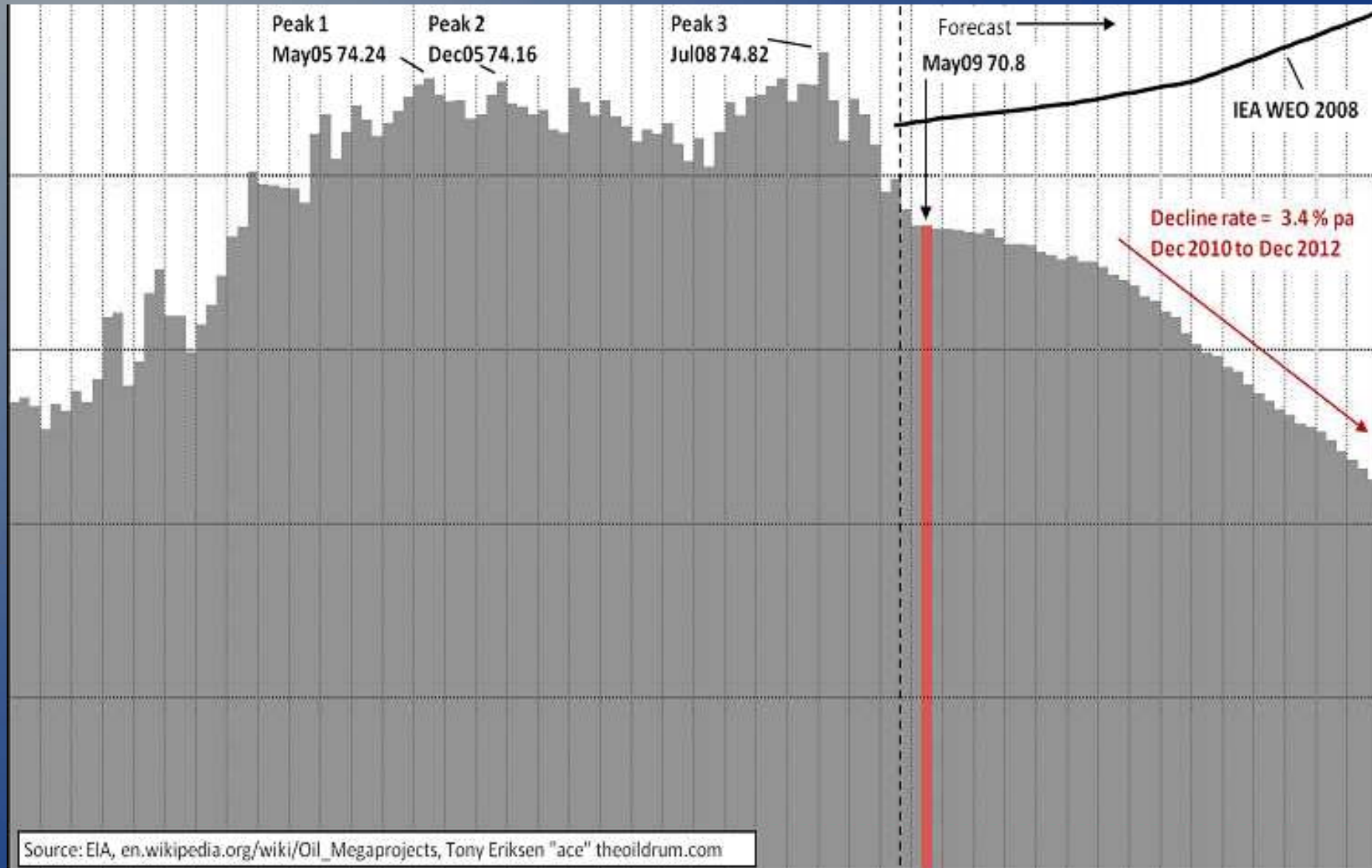
Life-stage lending would be possible in a no-growth society, or lending based on the use that the borrower will get from the asset he/she is intending to use to loan to acquire.

Lending likely to be very limited without the cushion of growth. So is growth likely in future? Can we design a money system to cope with contraction?

For four years, world oil production was on a near plateau

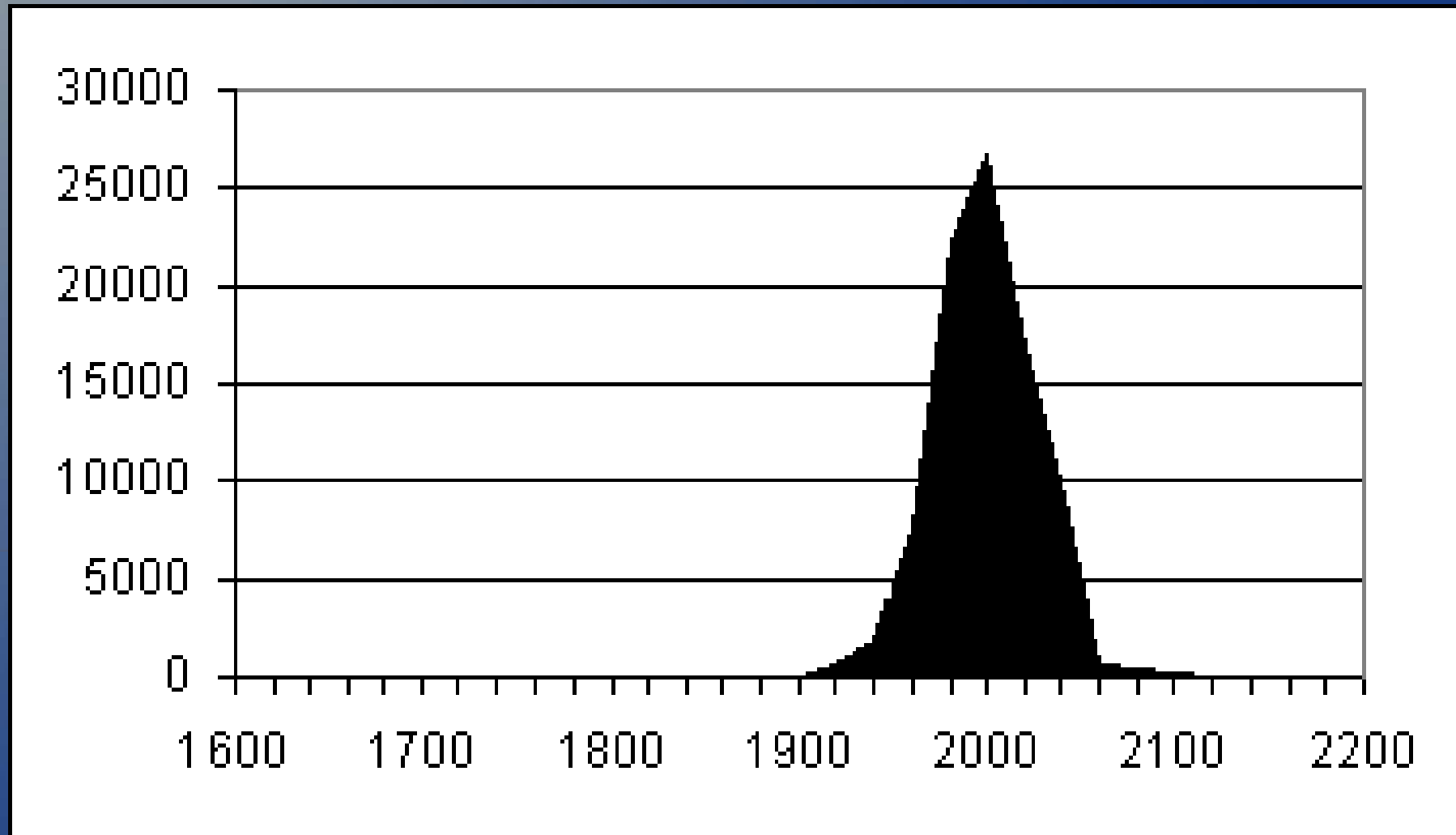


Now it's gone into decline

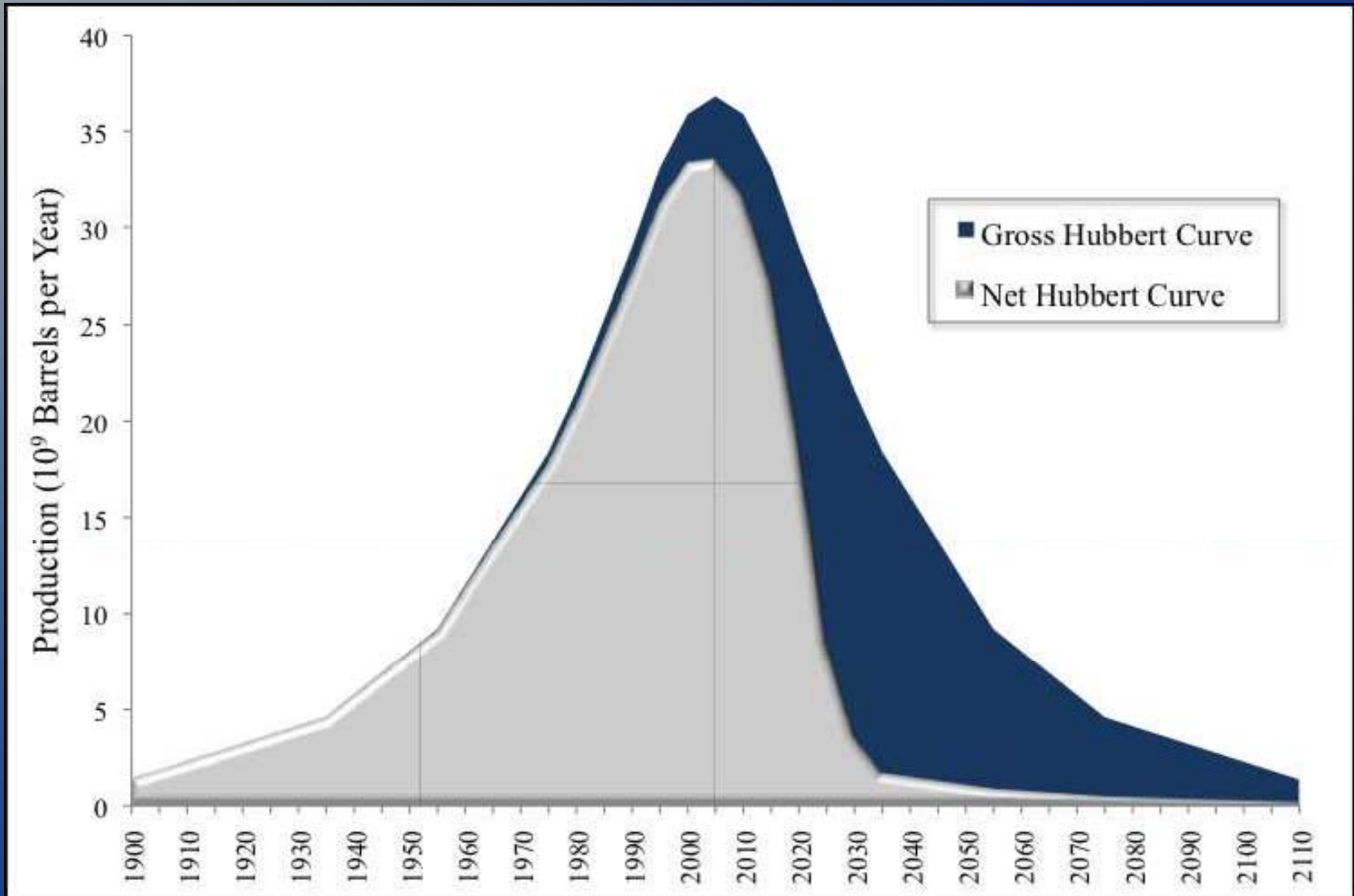


Oil production in a 'deep historical perspective'

(millions of barrels per year)

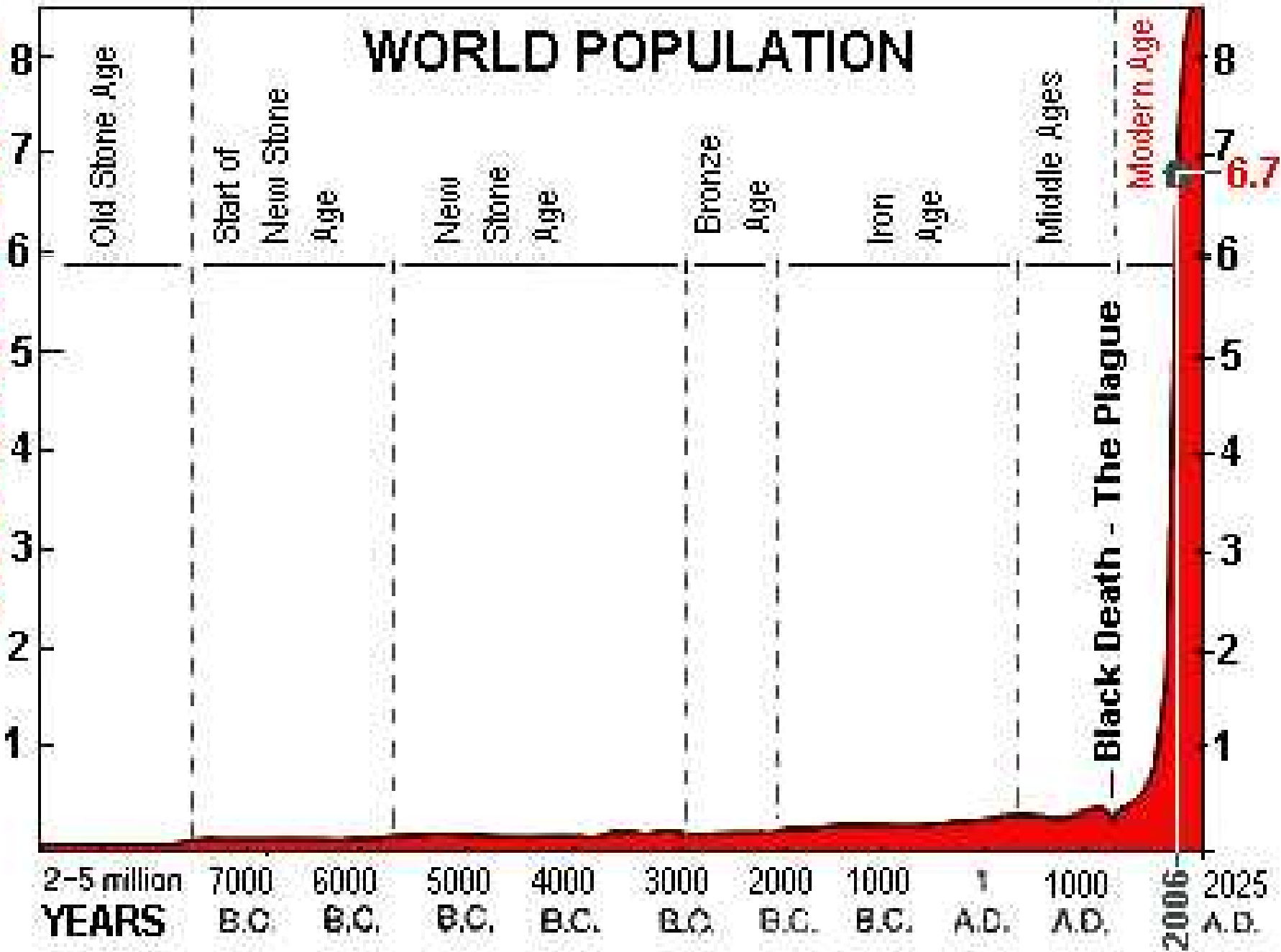


Falling off a cliff

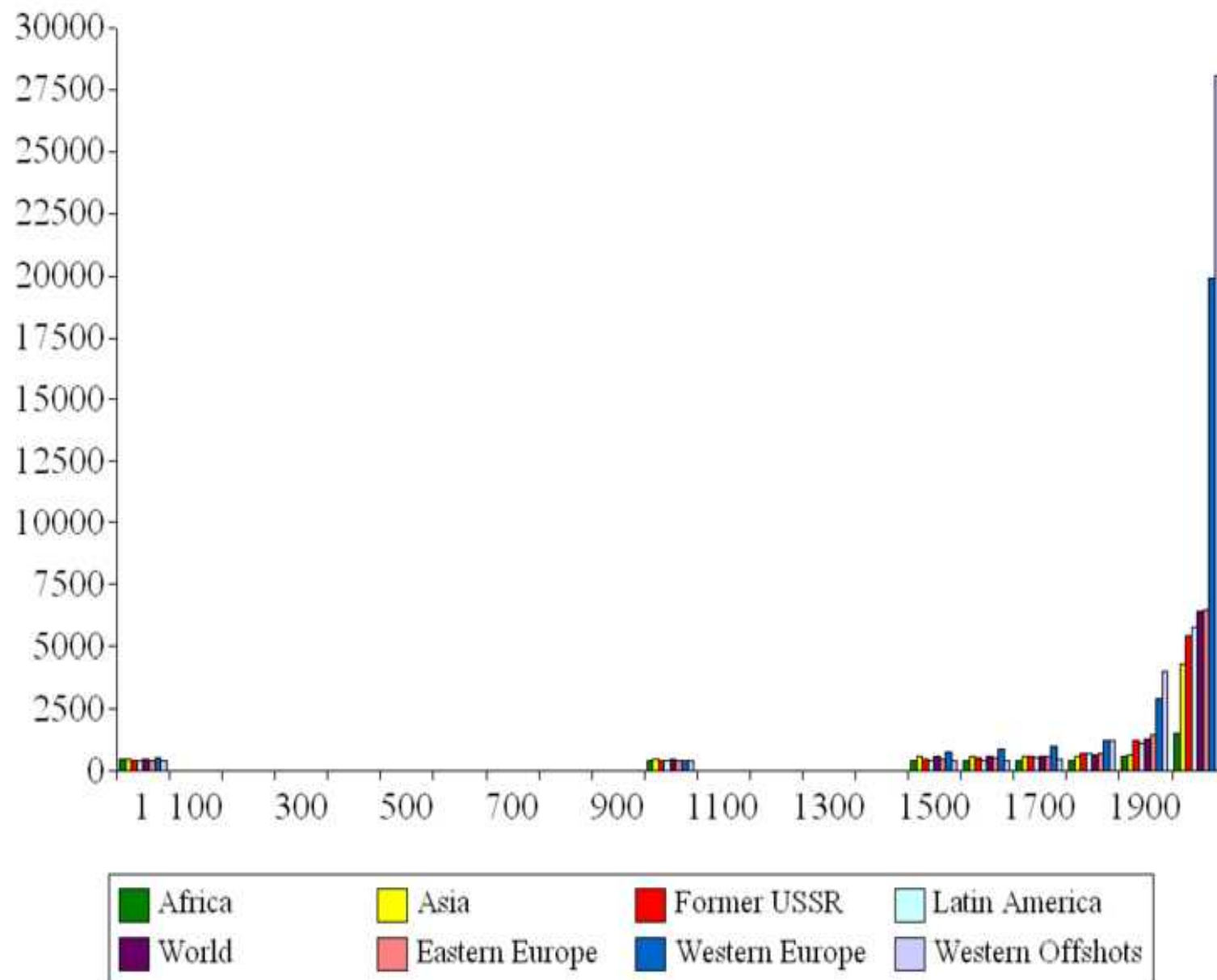


BILLIONS OF PEOPLE

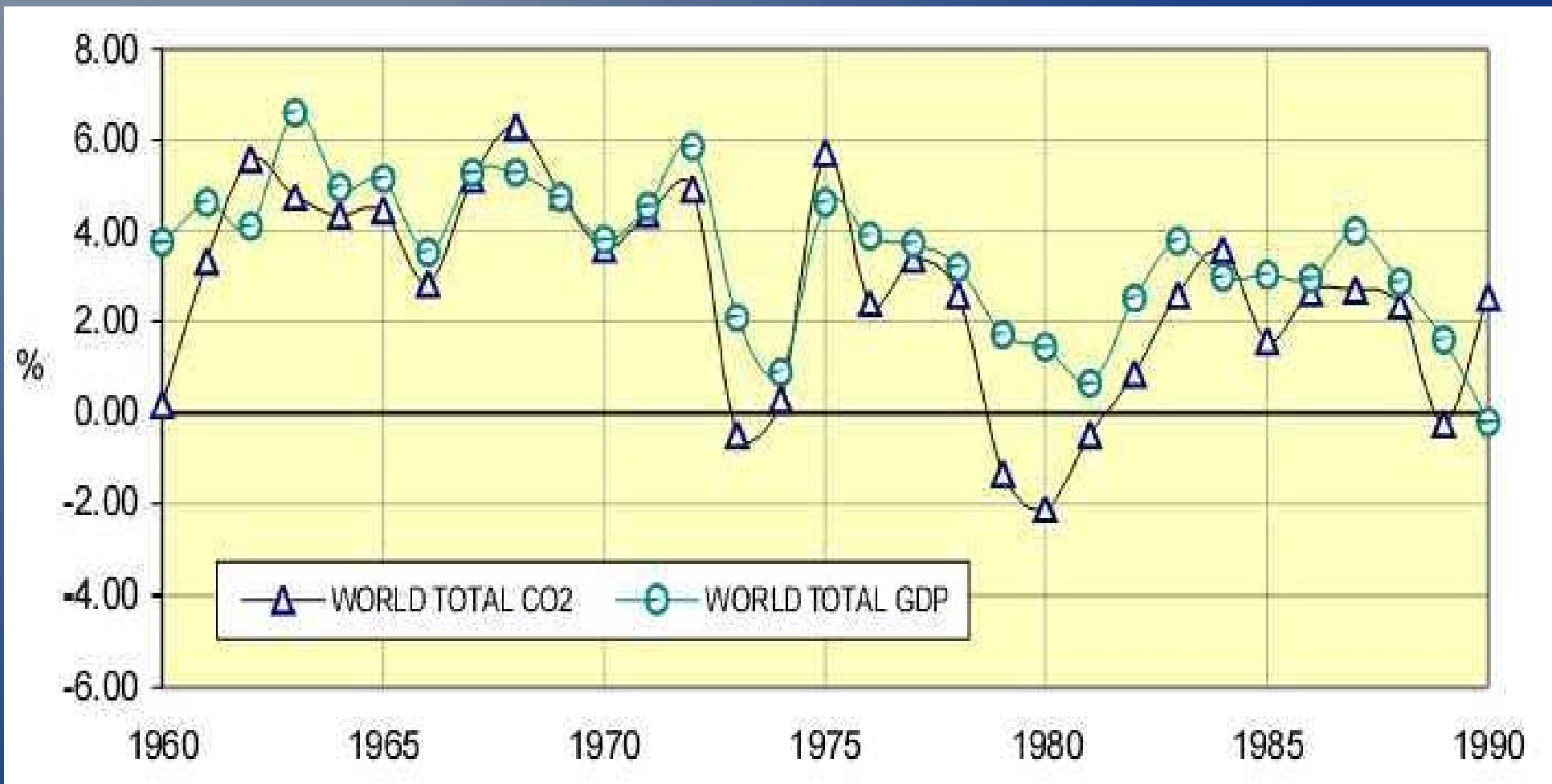
WORLD POPULATION



World GDP/capita 1-2003 A.D.



The close link between energy use and economic growth



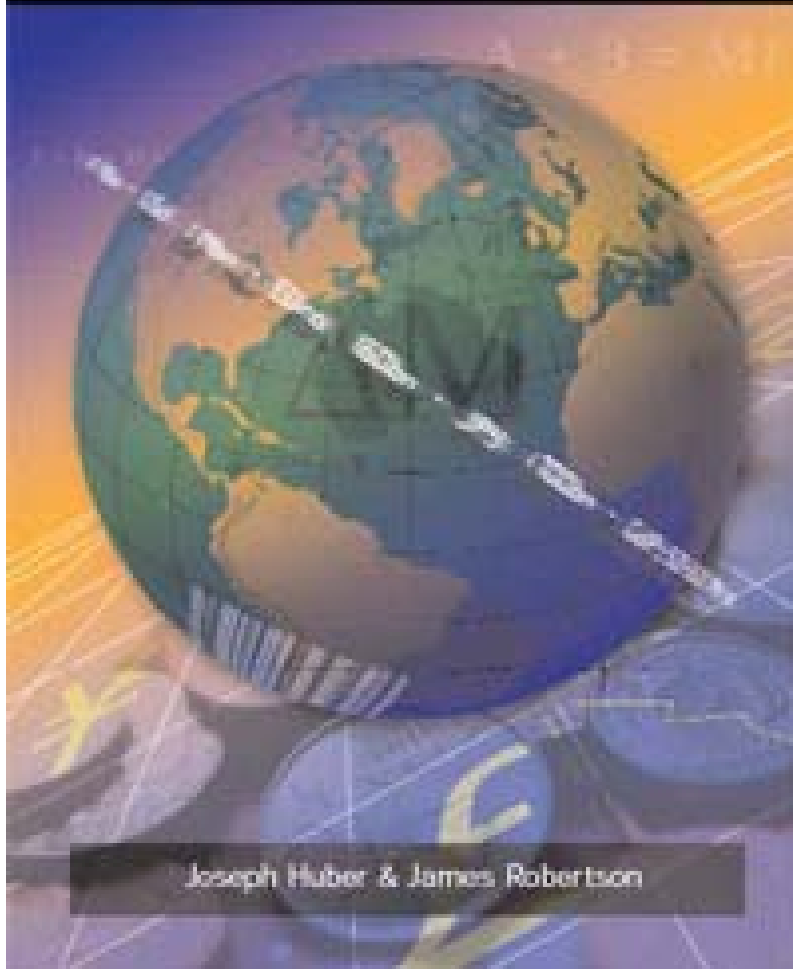
So, what are the options?

1. **Spending money into circulation.**
2. **Giving money into circulation.**

Creating New Money

CREATING NEW MONEY

A monetary reform for the Information age



ed by the state and spent into

orbidden to create money. They would
t funds deposited with them

The Worgl pioneer



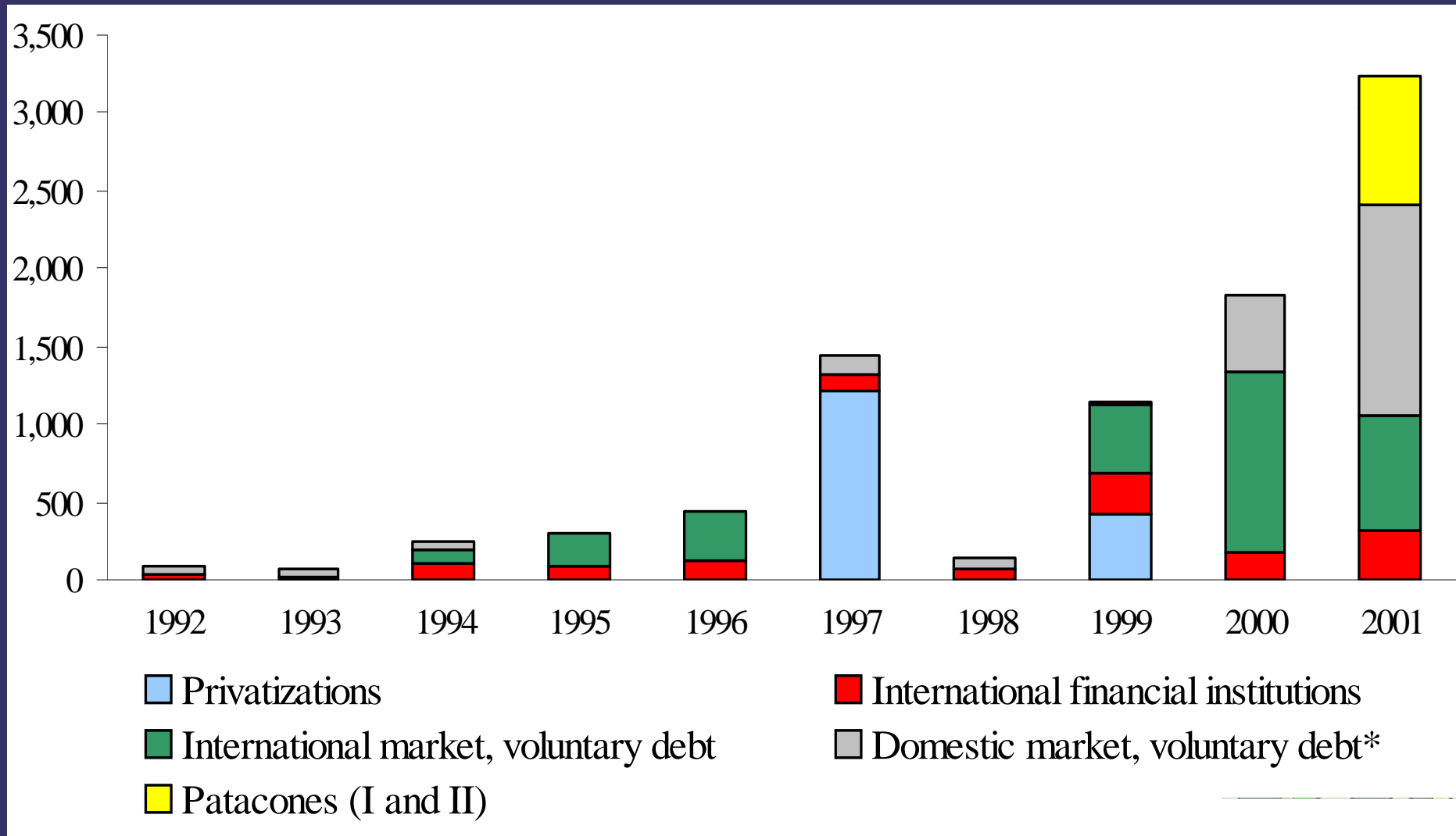
Ithaca hours notes



Argentina's solution



Sources of capital for Buenos Aires province



Giving money into circulation

What gives money its value? Its acceptability. People's confidence that, if they accept it, they will be able to get others to accept it from them.

In other words, it is the users that give money its value. So, if more money is needed in circulation because trade is growing, the additional currency should be given to the “best” users.

On the other hand, if trading in the currency is declining and it is in danger of losing its value, its scarcity should be maintained by taking a little away from the “worst” users.

Giving money into circulation

What is a “good” user? Someone who is increasing their monthly turnover in the currency and is doing business in it with more and more other users. In other words, they are helping to develop the system.

What is a “bad” user? Someone who is doing less business with fewer people or has an increasing amount of the currency in his or her account.

A “bad” user would never have currency they had earned taken away except in account fees.

Giving money into circulation: the Liquidity Network

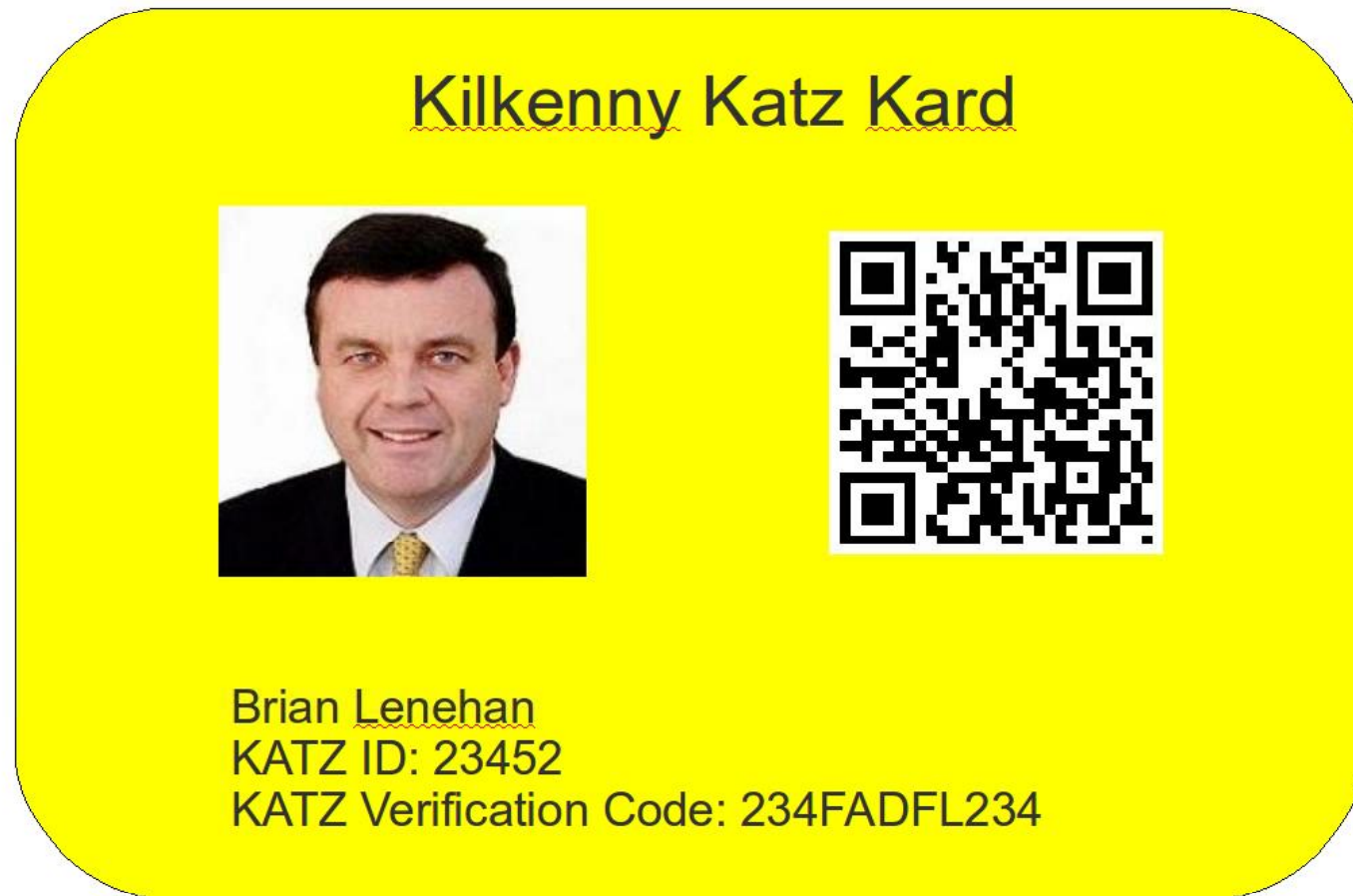
Notes and coins are now used for only about 3% of transactions

Banks and businesses don't like cheques. All-electronic currencies are desirable. Moreover, only an all-electronic system makes it possible to reward good users for helping to develop the currency and to remove past bonuses from others.

If the amount of trading is steady, the number of units being given as a reward to good users would balance the units taken away from worse ones.

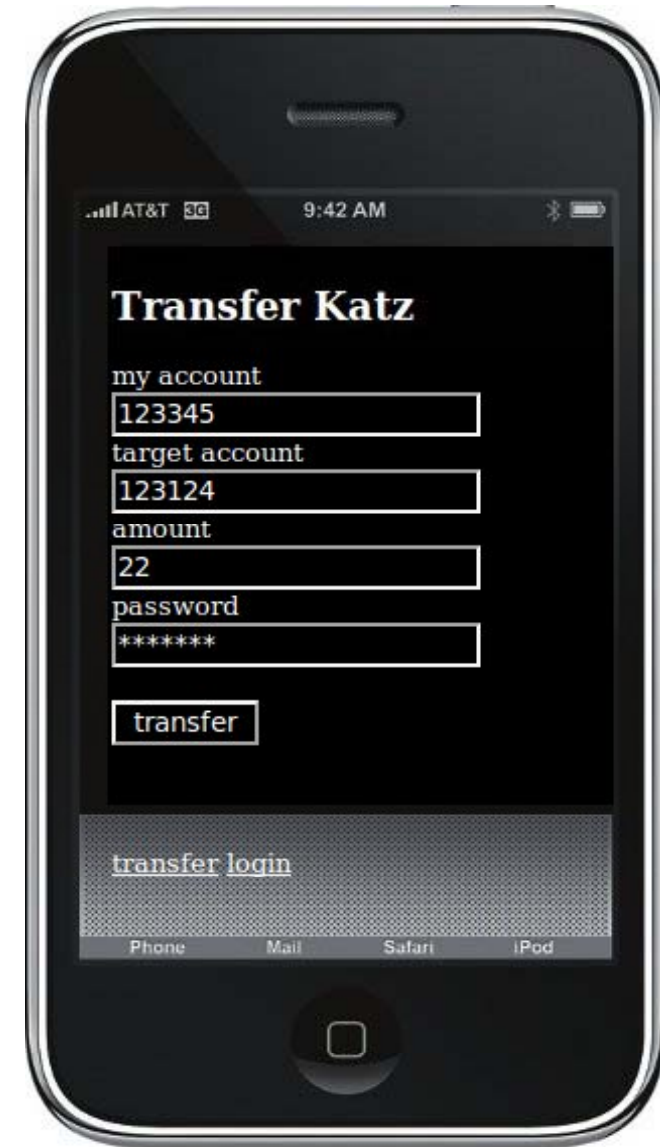
A User's Kilkeny Katz Kard

With optional photographic security.

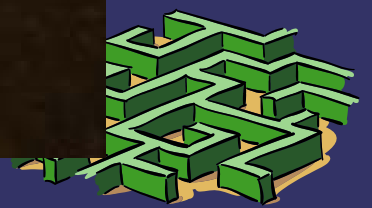


Screen shots on iPhone

Login and transfer



Mobile phone money in Kenya



The future of money

Different types of money required.

1. Exchange currency for buying and selling. These will be predominantly local.

2. Asset backed currencies for saving. Energy is likely to be one of the main backers. Local energy bonds. Bonds issued by producers in terms of their output.

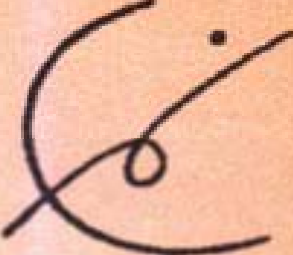
3. An international currency whose value is determined by the value of the scarcest resource. Possibly the right to emit CO₂

Busy going nowhere

Gültig nur mit Original-Unterschrift und Prägemarke


Yellen Fochler

Celleri Fochler

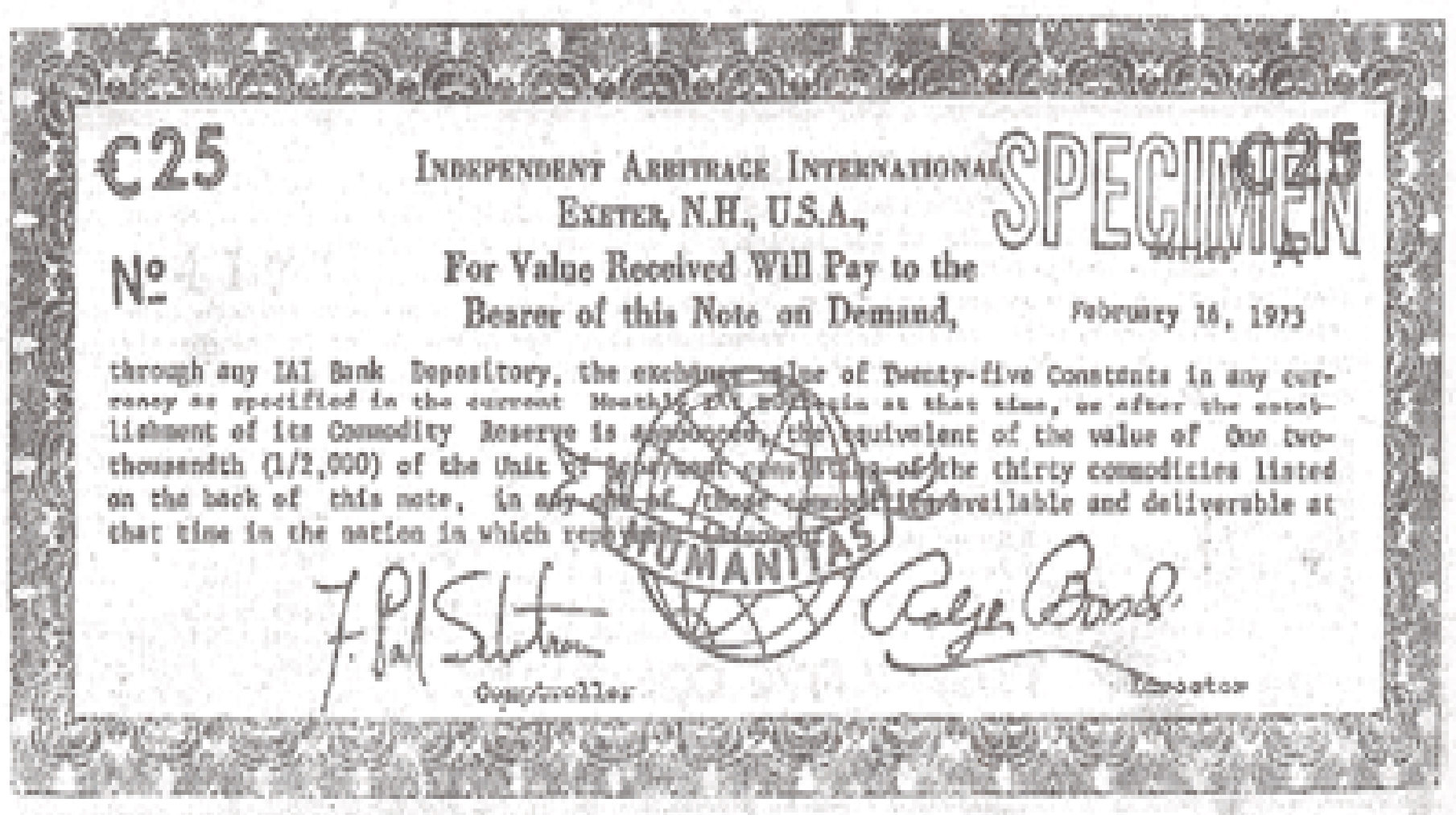
2 543290 

Chiemgauer

Gutschein im Wert von 2 Euro
Gültig nur für Vereinsmitglieder
Einzulösen spätestens bis Ende:

	IV. Quartals- marke 2003 0,04	I. Quartals- marke 2004 0,04	II. Quartals- marke 2004 0,04
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Commodity-backed money: The Exeter Constant



A proto-energy bond

