

A World Without Money, Interest, and Debt

A Pathway Toward

- **Economic Equity**
- **Social Justice**
- **Freedom, and**
- **Peace**

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Critical Questions

What are the underlying causes of:

- ❑ Economic depressions and inflation?
- ❑ Deepening debt crises?
- ❑ Violent conflict, war, social unrest?
- ❑ Hunger and squalor amidst plenty?

What kind of future are we facing?

What are the emerging challenges and opportunities for businesses, communities and governments?

Civilization on the Brink

Is This the Day of Reckoning?

- **Changing Environment**
 - Droughts and floods, Extreme weather, Rising sea levels. Species extinctions, Global warming/cooling?
- **Pollution of air, land, water**
- **End of Cheap oil & gas**
 - Increasing costs of production and transportation
- **Resource Depletion**
 - Fresh Water, Soil fertility, Minerals, Forests, Marine resources, etc.
- **Financial Disruption**
 - Bankruptcies & Unemployment
 - Currency debasement
 - Inflation
- **General Institutional Failure**



Or



Modern Civilization has been characterized by **exploitation** and **domination**

- ❑ Colonialism—political and economic
- ❑ Dispossession (e.g., enclosures and privatization of the commons)
- ❑ Overt slavery
- ❑ Wage slavery
- ❑ Debt slavery
- ❑ Predatory commerce
- ❑ Monopoly and oligopoly
- ❑ Government, financial, and corporate collusion

What is Driving the World to Destruction?

- **The DRIVER is**
The GROWTH IMPERATIVE that derives from the system that creates money by lending at compound interest.
- **The ENABLER**
 - **The ready availability of fossil fuel energy**
- **The BRAKE**
 - **Nature**

What is money and How is it created?

Everyone has been taught that money is a

- **Medium of exchange**
- **Store of value**
- **Measure of value**

But is that correct?

What is money and How is it created?

The process by which banks create money is so simple that the mind is repelled. – Prof. John Kenneth Galbraith

“In the real world, **banks provide financing through money creation.** That is they create deposits of new money **through lending,** and in doing so are mainly constrained by profitability and solvency considerations.”

– Bank of England Working Paper No. 529, May 2015

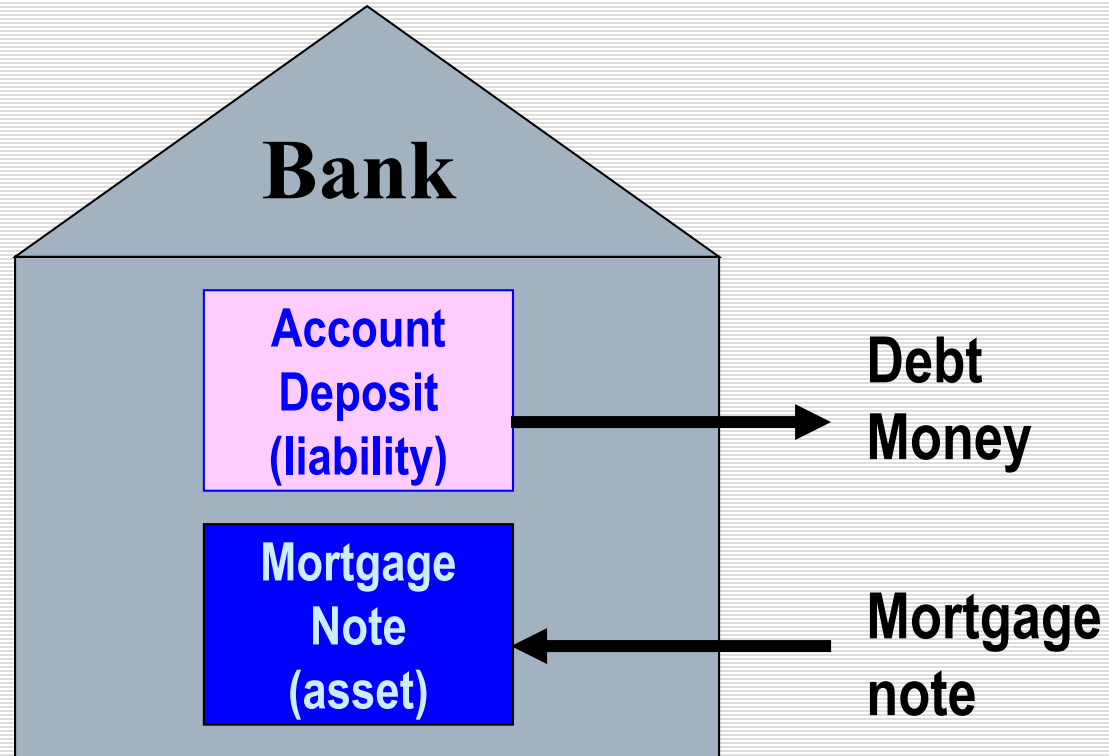
What is money and How is it created?

- **“The actual process of money creation takes place primarily in banks.**
- **...checkable liabilities of banks are money.**
- **These liabilities are customers’ accounts.**
- **They increase when the proceeds of loans made by banks are credited to borrowers’ accounts.”**

– *Modern Money Mechanics*, Federal Reserve Bank of Chicago. 1966

The Creation of Debt-Money as Bank Deposits

Banks create money as “deposits,” or account balances when a “loan” is granted.



**Because of the interest charged on loans
THERE IS NEVER ENOUGH MONEY IN CIRCULATION
to allow all loans to be repaid.**

The Money Power

- ***Give me the power to create a nation's money, and I care not who makes its laws.***
—Mayer Amschel Rothschild
- ***Those who create and issue money and credit direct the policies of government and hold in the hollow of their hands the destiny of the people.***
—Sir Reginald McKenna, former President of the Midland Bank of England
- *The debt economy rests upon a conspiracy between the political state and the banking interests against commercial exchange.*
—E. C. Riegel

The Bank of England and the rise of the political money regime

- The Bank of England, chartered in 1694, was granted a monopoly to issue bank notes and lend them into circulation —a virtual monopoly on credit.
- The Bank in turn agreed to finance the King's war against France.
- The BoE became the model for central banks around the world including the First and Second banks of the United States.
- This collusion between the financial power and the political power has continued a relentless drive toward fascist tyranny.

Corporate Power

—the Aliens Among Us

The first truth is that the liberty of a democracy is not safe if the people tolerate the growth of private power to a point where it becomes stronger than their democratic state itself. That, in its essence, is fascism — ownership of government by an individual, by a group, or by any other controlling private power.

– President Franklin D. Roosevelt

The New World Order

“The powers of financial capitalism had another far-reaching aim, nothing less than to create a world system of financial control in private hands able to dominate the political system of each country and the economy of the world as a whole... The apex of the system was to be the Bank for International Settlements in Basle, Switzerland, a private bank owned and controlled by the world’s central banks which were themselves private corporations. Each central bank . . . sought to dominate its government by its ability to control Treasury loans, to manipulate foreign exchanges, to influence the level of economic activity in the country, and to influence cooperative politicians by subsequent economic rewards in the business world.”

– Prof. Carroll Quigley, Georgetown historian, mentor of former President Clinton, and author of *Tragedy & Hope: A History of the World in Our Time*, 1966, p. 324.

The True Purpose of Central Banks

- To enable the monopolization of credit and the practice of usury by the banking cartel.
- To enable profligate deficit spending by national governments.
- To enrich and empower a “super class.”

Keeping a Flawed System Alive

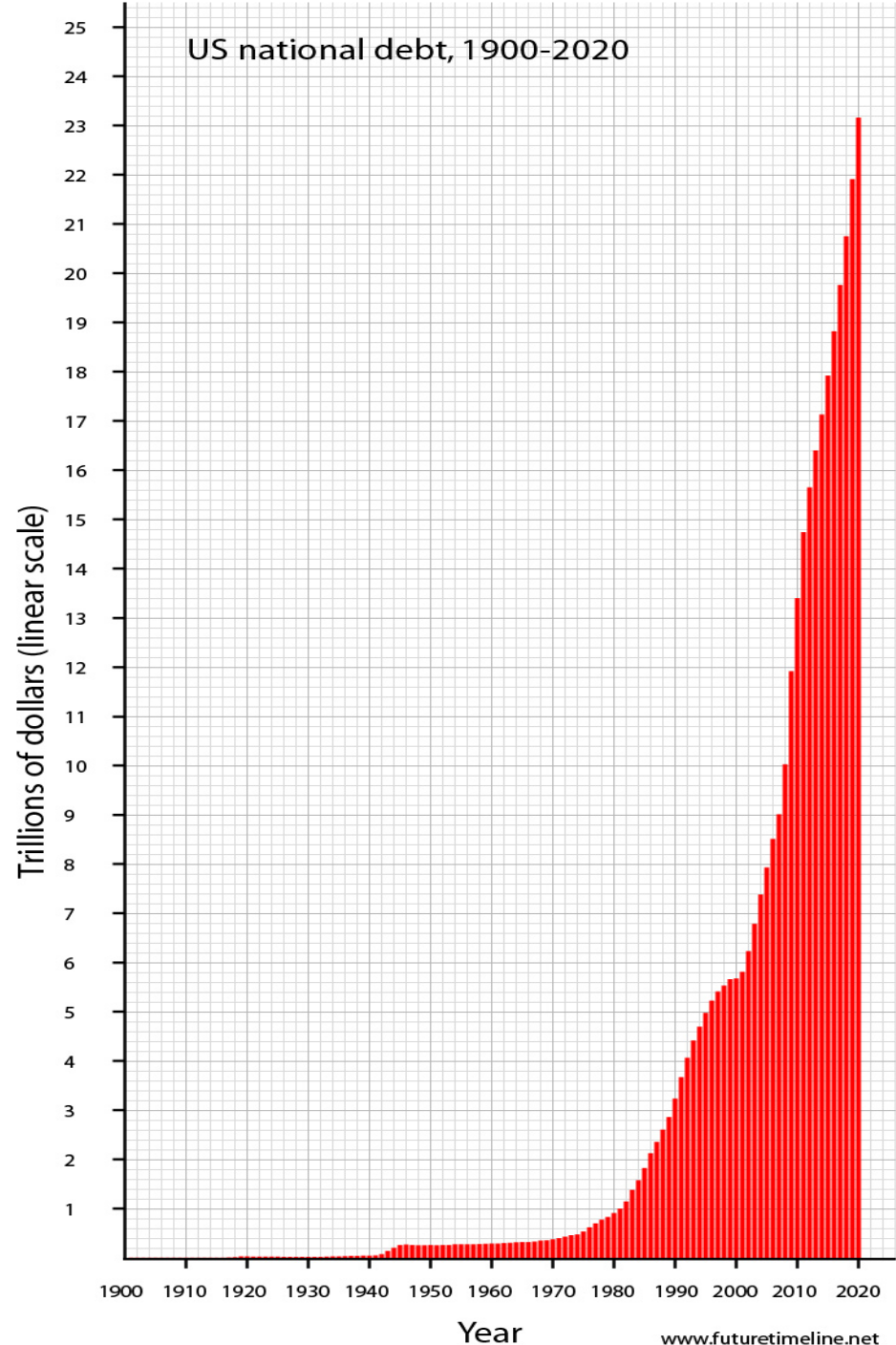
- Why are all governments in debt?
- Why can't they balance their budgets?
- Why do those debts continue to grow ever faster and are now reaching astronomical proportions?

Under the interest based debt money system
Central Governments must assume the role of “borrower of last resort” to keep the money supply pumped up and prevent economic depressions.

United States National Government Debt 1900-2020

\$28.7 Trillion
126 % of GDP
\$87,000 per capita
(not including guarantees)

As of Nov 13, 2021
usdebtclock.org



(Government) Total Public Debt / GDP Ratio

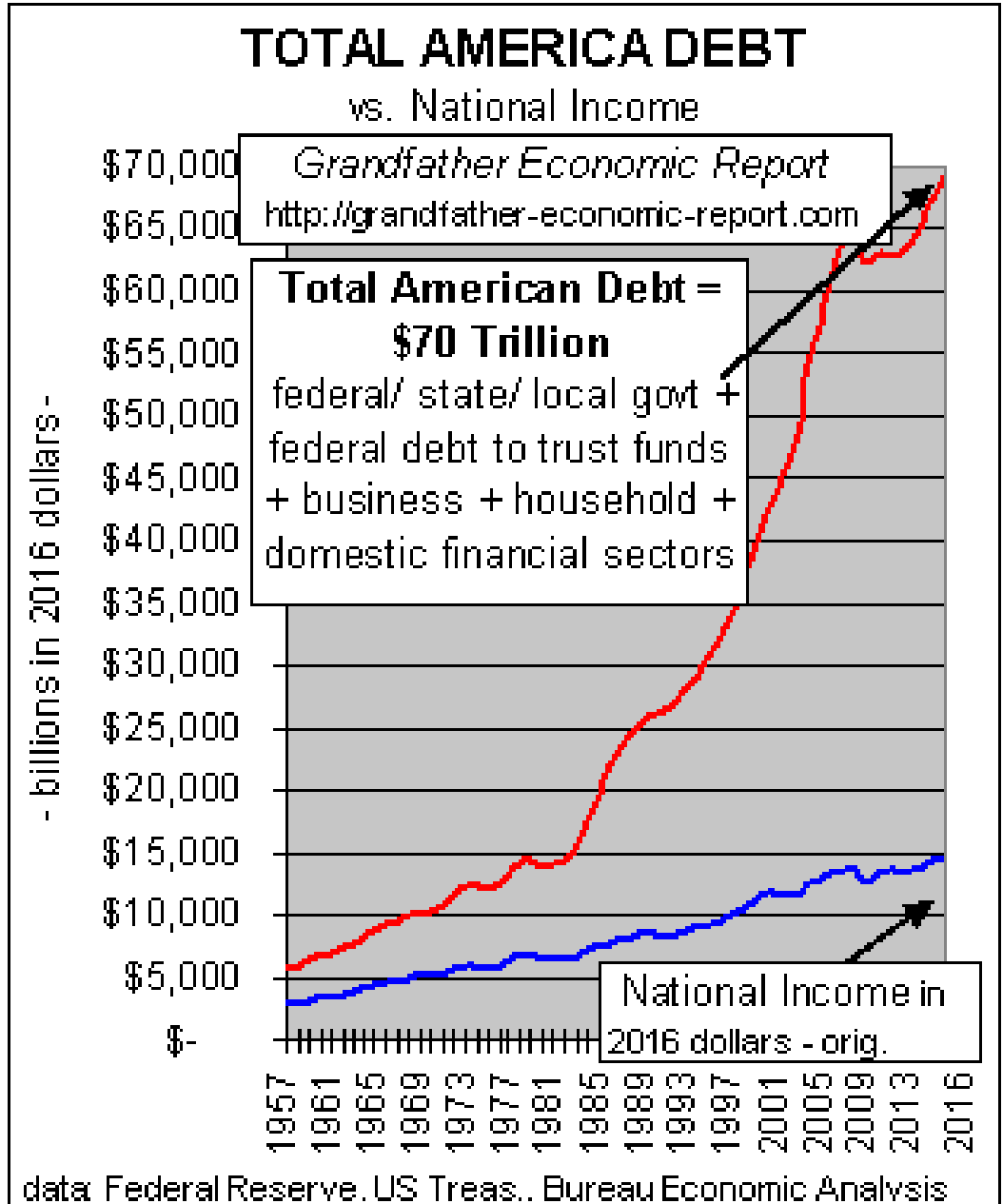
Zoom 10y 30y 50y 80y 100y **All**

Dec 31, 1789 → Mar 31, 2021

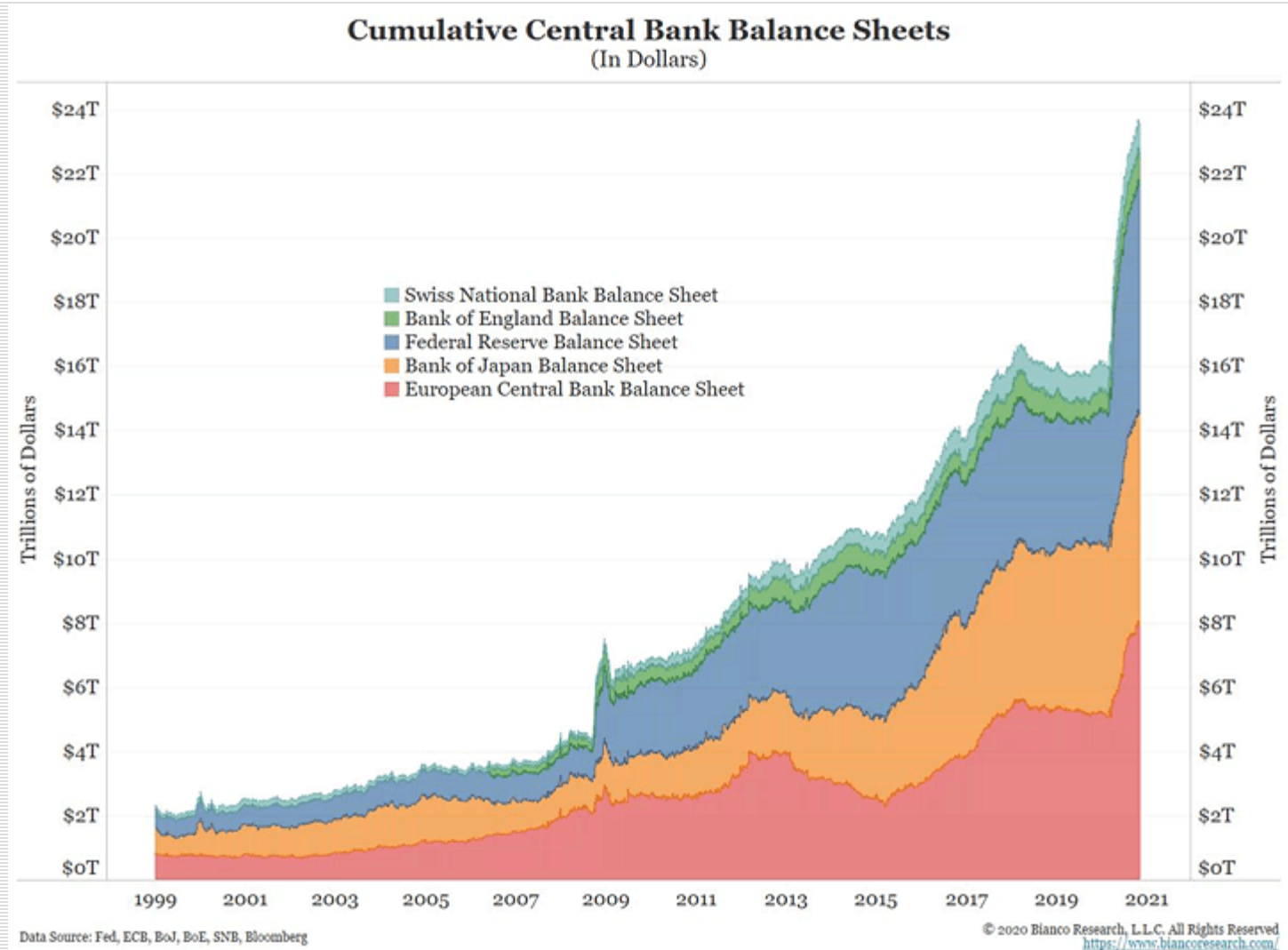


Source: <https://www.longtermtrends.net/us-debt-to-gdp/>

US Debt to GDP All sectors To 2016



“Quantitative Easing,” A Desperate Measure



The European Central Bank



The Political Money Regime is Dysfunctional and Exploitative

- ❑ A large proportion of money is improperly issued.
- ❑ It does not go where it is most deserved and needed.
- ❑ It exploits productive enterprise—interest and bank fees, foreclosures.
- ❑ It's manipulated for the benefit of its controllers, creating a power elite and wealthy "super class."
- ❑ It centralizes power and concentrates wealth.
- ❑ It undermines democratic government.
- ❑ It crates inequity and class conflict.
- ❑ **It Forces artificial growth**

**The debt imperative >> growth imperative that,
erodes the social fabric and destroys the
environment**

Conclusions

- ❑ Interest bearing debt growing to impossible levels
- ❑ Bailouts of banks and corporations
- ❑ Massive central bank intervention in securities markets
- ❑ Structural adjustment programs and austerity for many sectors and countries
- ❑ Political corruption
- ❑ Attacks on social programs-health care, education, environmental protection
- ❑ Privatization of government-owned assets (*the commons*)
- ❑ Reduced national sovereignty

CORPORATE POWER

The Banking Cartel, BIS, IMF, World Bank

The Neo-feudal New World Order

Despotism

**Surrendering National Sovereignty
via
Politicization of Money**

Democracy

PEOPLE POWER

Credit Clearing Networks & Community Currencies

The Butterfly Society

Where is Civilization Headed?

- **Mad Max scenario**

**Chaotic collapse and a new
Dark Age?**

- **Greed, selfishness, separation, violent conflict & waste**

---OR---

- **Societal Metamorphosis**

**From the old *Caterpillar Society* to a
New *Butterfly Society*?**

- **Cooperation, generosity, compassion,
human solidarity, restructuring**

The Emerging Butterfly Society

METAMORPHOSIS

From

- Superfluous accumulation
- Violent conflict, and
- Wasteful consumption



Toward

**A Sustainable, Regenerative Economy and
a Peaceful and Dignified Life for All**

Old “Caterpillar” Economics

Promotes

- ❑ Continuous growth of economic output
- ❑ Quantitative measures of value and well-being
- ❑ Capital accumulation
- ❑ Resource consumption
- ❑ Labor productivity
- ❑ Growing disparities of wealth and power

The Consumer Society

New “Butterfly” Economics

Promotes

- ❑ Steady-state economic output
- ❑ Qualitative measures of value and well-being
- ❑ Restoration of the commons
- ❑ Resource productivity, sharing and ecological regeneration
- ❑ More equitable distribution of wealth and power

The Convivial Society

Resolving our predicament

- ❑ **Harmonize incentives with desired outcomes**
- ❑ **Eliminate the growth imperative**
- ❑ **End creation of money based on interest bearing debt**
- ❑ **Separation of money and state**
- ❑ **Tame the “corporate beast”**
- ❑ **From globalization to re-localization: Re-localize spending, saving, investing, production, distribution**
- ❑ **Rebuild from the bottom starting with existing communities**
- ❑ **Decentralize control of credit**
- ❑ **Restructure our institutions and systems on a foundation of better values and ideals**

Toward a New Global Internet of Exchange

Based on

Human Solidarity

Cooperation

Mutual Aid

Transfer of Value

Gift

Voluntary, free

Reciprocal Exchange

Voluntary agreement

Give as much as you get

Get as much as you give

Political Fiat MONEY

INNOVATIVE Exchange

Coerced

Appropriation

theft, robbery, extortion, most
taxes.

Reciprocal Exchange

Payment Possibilities

- **Barter** – goods/services for other goods/services
- **Some third party credit instrument**
 - Official currency or bank credit
 - **Private currencies issued by producers**
- **Direct credit clearing among buyers and sellers**

What is a currency?

A Proper Currency is:

- A credit instrument
- That represents the value
- Of goods and services
- That are available for sale
- Now or in the immediate future

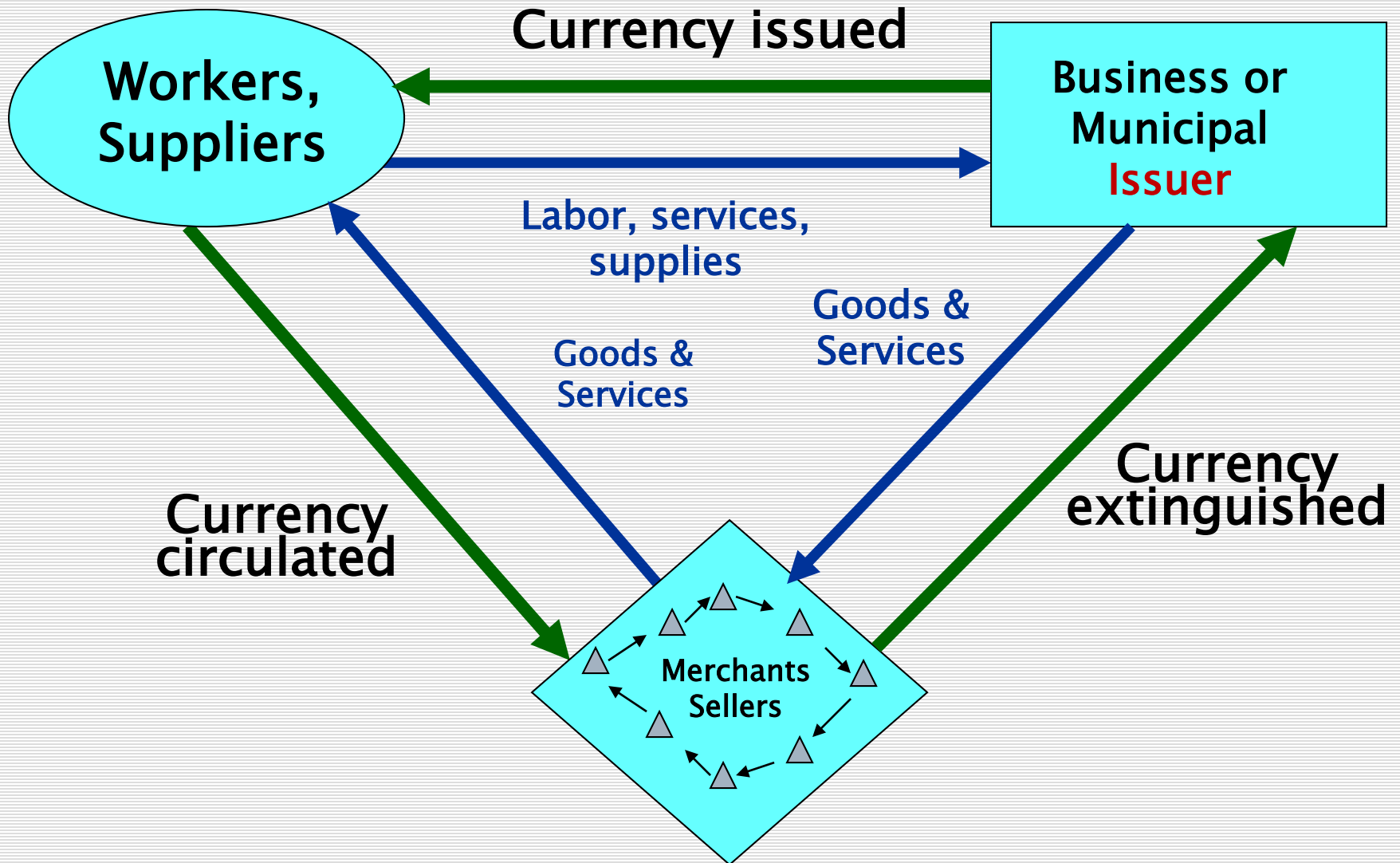
Payment Alternatives to Political Fiat Money

**Private & Community currencies,
and Credit Clearing Exchanges
can provide producers and local
economies with:**

- ▶ **Reliable sources of credit and
Supplemental payment media**
- ▶ **Based on real value
That is created within a community
or region**

Currency issuance and circulation

The Reciprocity Circuit



Private & Community Currency Issuers and Their Basis of Issue

- Municipalities
 - Anticipated tax revenues
 - Fees charged for services
- Businesses
 - Capacity to provide goods and/or services
- Associations of businesses and/or local governments
 - Cooperative agreement to jointly issue currency based on combination of the above

Private and Local Currencies

Myriad Examples



Figure 8.3: Larkin Merchandise Bonds -- Face Side

Depression-era Scrip
 Hundreds of examples
Larkin Merchandise Bonds



Canadian Tire Money

Trading currencies of
Argentina, Jr.



24 November 2021

Examples of Contemporary Community Currencies and Exchange

Over the past 40 years hundreds of local currencies have come, and most have gone.

- LETS systems
- Berkshares
- Toronto Dollars, Salt Spring Island Dollars
- Bristol Pounds, Brixton Pounds, Lewes Pounds
- Chiemgauer
- Regiogeld

Why haven't community currencies had more impact?

- They typically follow an ineffective model.
SOLD for cash, not SPENT into circulation.
- Their value basis of issue has been inadequate or improper
- Insufficient involvement of the business community
- Over-reliance on volunteer management
- People are in thrall to political monies and established exchange mechanisms that enjoy legal tender and other privileges

Basic Principles of Reciprocal Exchange (1)

- A currency is **created** when an issuer offers it as payment (spends it) and a seller accepts it.
- It is **extinguished** when the issuer redeems it by accepting it as payment for the goods or services they sell.
- A currency should be issued on the basis of **goods and services that are in everyday demand** and are **already in the market**, or soon to arrive in the market ready to be sold.

Basic Principles of Reciprocal Exchange (2)

- A valuable private currency is spent into circulation by a trusted issuer that is **ready, willing, and able to redeem it for real value.**
- **High velocity** of circulation is desirable, 1% minimum daily reflux.

Direct Credit Clearing

The highest step in the evolution of reciprocal exchange

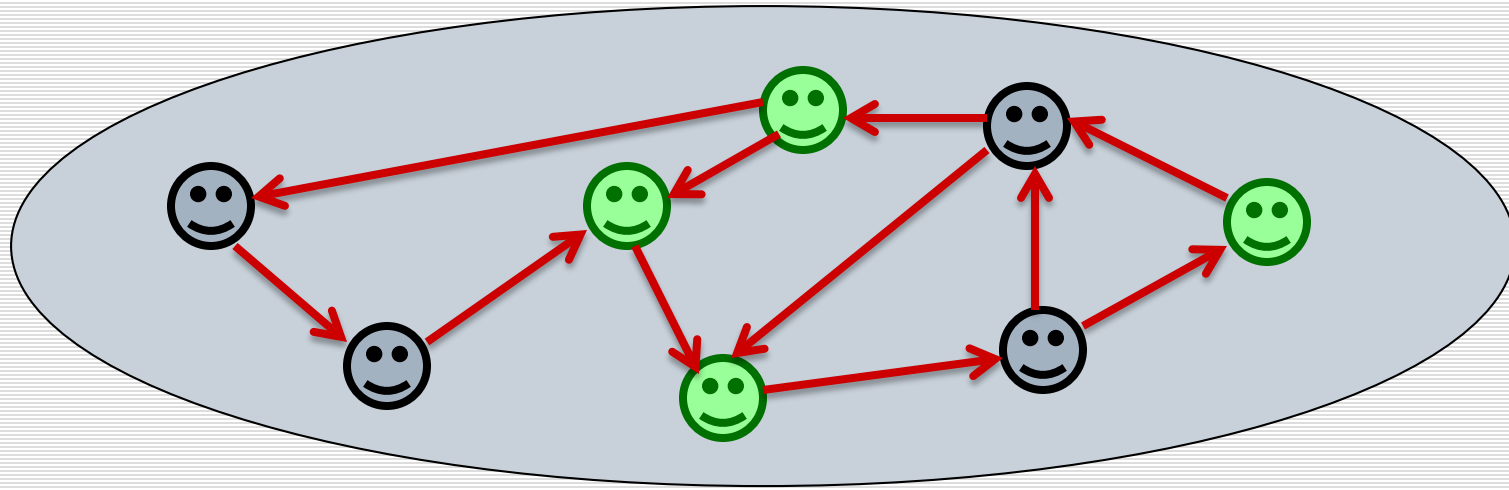
- **Credit clearing associations** – traders agree to keep a ledger – sales offset their purchases.
- Goods and services pay for other goods and services – **no money needed**.
- When you buy something your account is debited (decreased).
- When you sell something your account is credited (increased).
- Credit lines are allocated in proportion to the value of G&S each member is able to provide.

Mutual Credit Issuance and Circulation

Member - Issuers



Member - Non-Issuers



Mutual credit clearing association

Participants utilize their own credit directly within a network of trust.

They allow one another to draw upon the common credit pool.



A successful credit clearing association

- ❑ **The Swiss WIR Business Circle Cooperative.**
- ❑ **Established in 1934**, now called "the WIR Bank," it has continued to thrive.
- ❑ Now serves more than 60,000 small and medium sized business members.
- ❑ Clearing more than \$2 billion worth of trades annually.



Thomas Greco at the WIR Bank
Basel Switzerland, 2005

Commercial Trade Exchanges have proliferated around the world



INTERNATIONAL RECIPROCAL TRADE ASSOCIATION



Bartercard International Group



sardex.net
Circuito di Credito Commerciale



“Modern Trade and Barter”

- ❑ Trade exchanges are not banks; recognized by IRS as “third party record keepers.”
- ❑ IRTA estimates the annual industry volume to be around \$12-14 billion.
- ❑ Most of that involves small and medium sized businesses members (SMEs).
- ❑ Membership and trade volume continue to grow.

The Future of Reciprocal Exchange

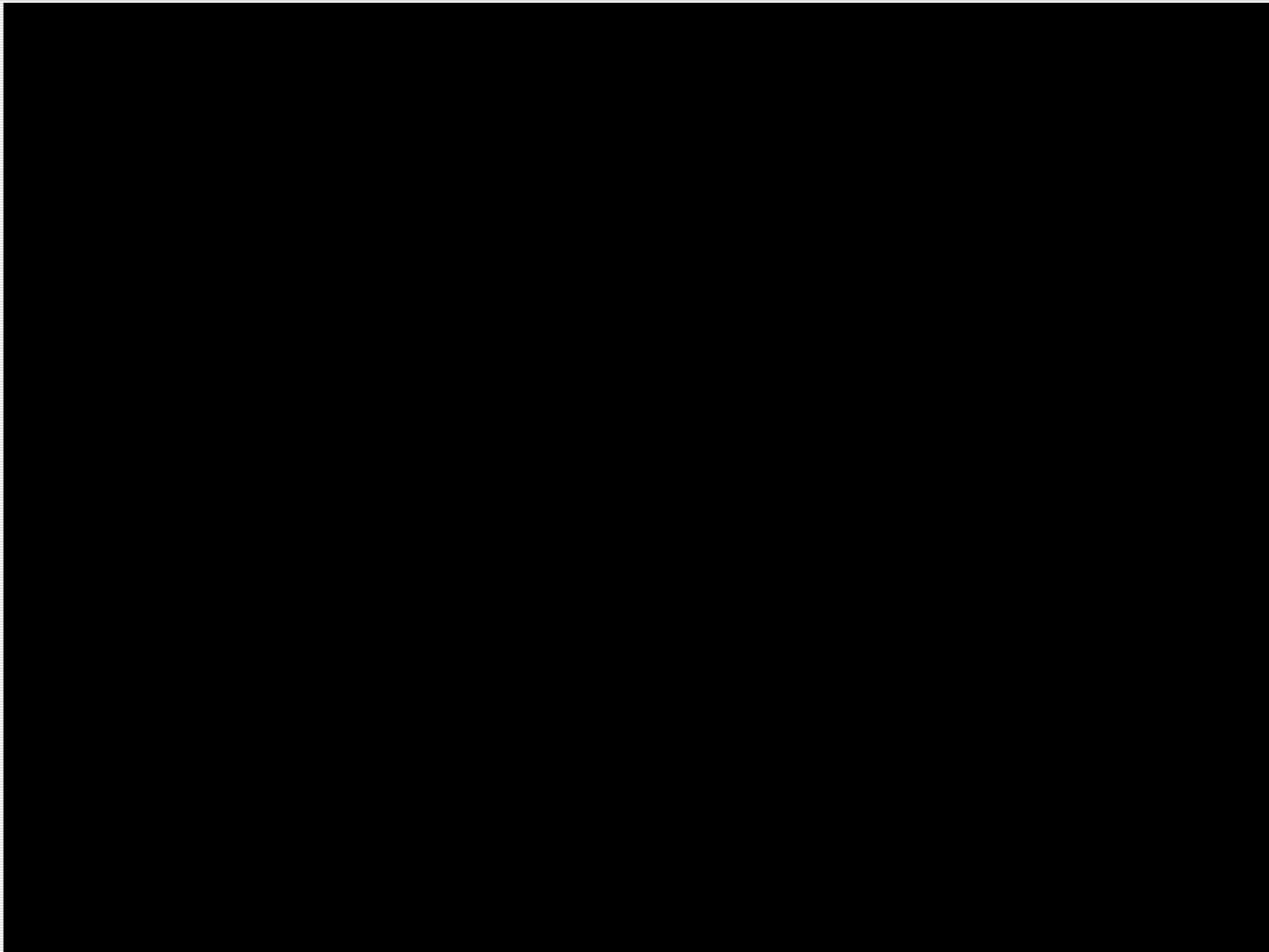
- Mutual Credit Clearing Exchanges will proliferate around the world.
- Standards of design and practice will emerge,
- Enabling local exchanges to be networked into a worldwide web of exchange that will,
- Maintain control of credit at the community level,
- While providing a globally useful means of payment.



VITA

A worldwide web of exchange

Locally controlled but globally useful



A Better World is Possible



Resources & References

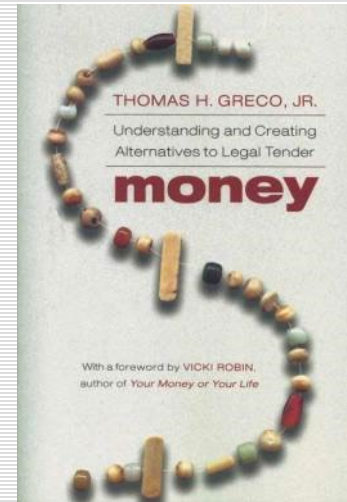
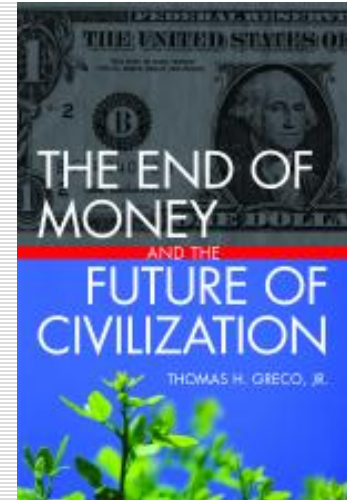
Websites

<http://BeyondMoney.net>

<http://ReinventingMoney.com>

Books & Articles

- *The End of Money and the Future of Civilization*, and
- *Money: Understanding and Creating Alternatives to Legal Tender*
- *Local Currencies—what works; what doesn't?* —by Thomas Greco
- *An Annotated Précis, Review, and Critique of Prof. Tobias Studer's WIR and the Swiss National Economy*
- *Flight From Inflation* by E. C. Riegel



Addendum

From Vision to Realization

**Taking Exchange Alternatives
to Scale**

What more is needed for moneyless exchange to go viral?

1. Members need to offer to the network, not only their slow moving merchandise and luxury services, but their **full range of goods and services at their usual everyday prices.**
2. Like any “common carrier,” trade exchanges should make membership **open to all** with minimal restrictions.
3. **Lines of credit** (the overdraft privilege), however, must be determined according to each member’s ability and willingness to reciprocate (measured by their record of sales into the network).

What more is needed for moneyless exchange to go viral?

4. Trade exchanges should be operated for and by the members in a way that is **transparent, open, and responsive.**
5. Members must exercise their duties to provide **proper oversight** and supervision of those assigned to manage the exchange.
6. Local exchanges must be connected into wide-area and **networks** (global).

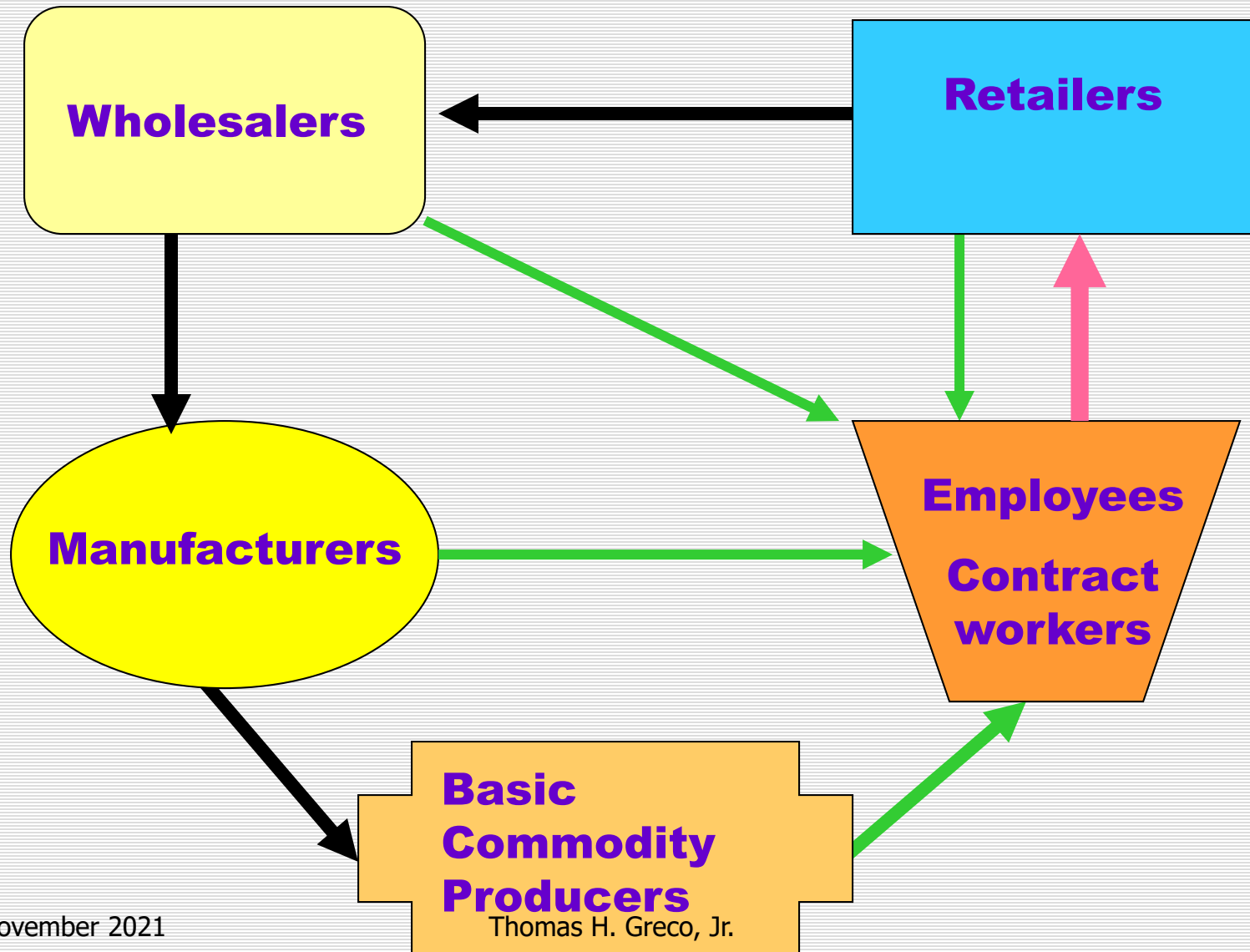
What more is needed for moneyless exchange to go viral?

7. There must be sufficient **standardization** in the operation of trade exchanges to assure that their internal credits maintain comparable value.
8. **All levels of the supply chain must be included in the network.**
9. A means of preventing or **correcting trade imbalances** among nodes.

Limiting Factors in Commercial Trade Exchanges

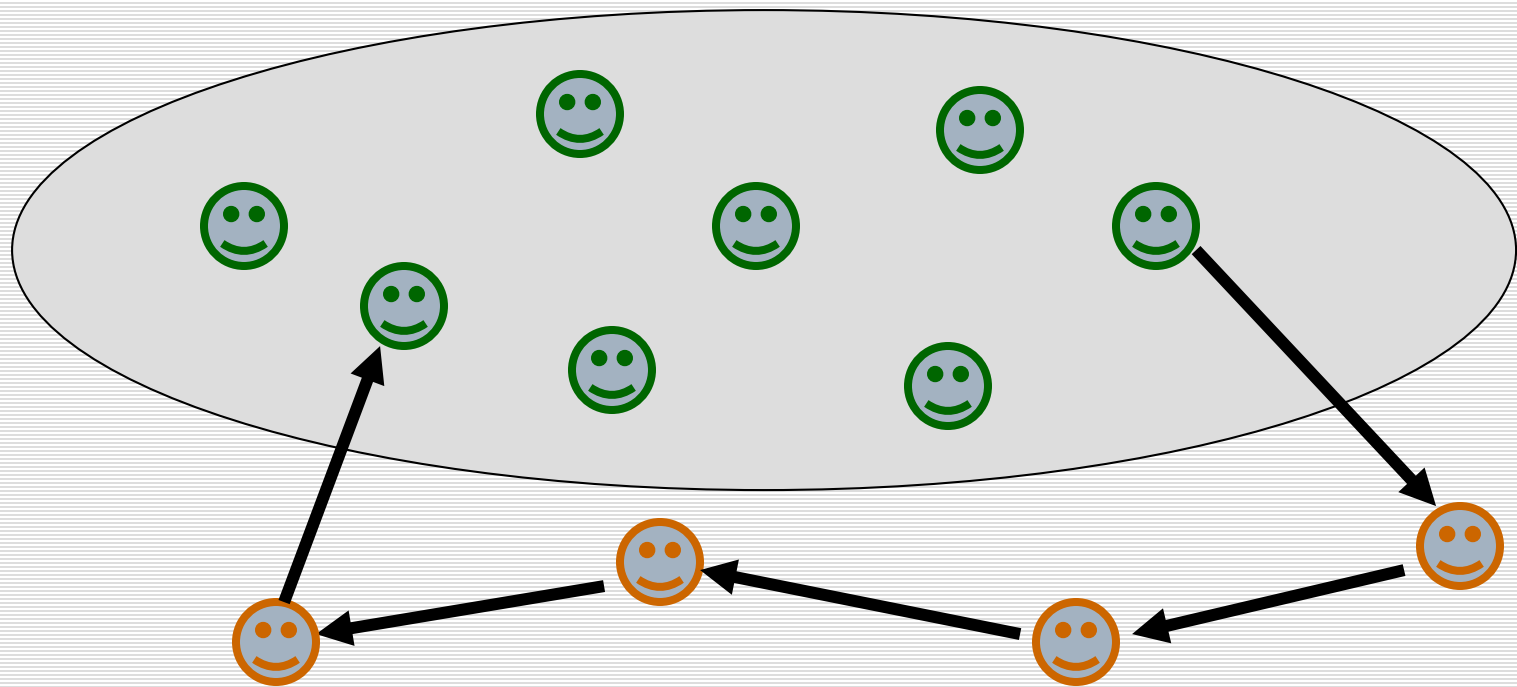
- ❑ Trade exchange operators put more stress on marketing advantages than financial advantages.
- ❑ Limit the number of competing businesses that can join.
- ❑ Credit allocation and management policies are often sub-optimal.
- ❑ Limited opportunity for members to trade with members of different exchanges.
- ❑ Unable to tap the entire supply chain. Mostly limited to retail businesses and service providers.

Levels of the Supply Chain



Joint Issuance of a Regional Currency

Members of the mutual credit clearing circle can use their collective credit to provide a supplemental currency for use by the general population of the region.



“Disruptive technologies” emerging in the realm of money, banking, and exchange?

- ❑ **Private currencies that provide liquidity outside of the banking system.**
- ❑ **Direct credit-clearing among buyers and sellers.**
- ❑ Web-based marketplaces.
- ❑ Transparency in web-based accounting, information, and exchange systems.
- ❑ Social networks that provide strong identity verification and reputation ratings of vendors and buyers.
- ❑ Secure encryption of ledger information across boundaries.
- ❑ The re-emergence of mutual companies, co-responsibility, and localized web-based markets.

Benefits of Community Currencies and Exchange Credits

- Provide an independent means of payment,
- Reducing dependence upon borrowing from banks,
- Thus reducing the risk of insolvency and Saving interest costs.
- Provide the local economy with supplemental liquidity.
- Enable local businesses to better compete with large corporate chains.
- Enable more complete use of available labor and production capacity.

Credit makes the world go 'round...

Two Distinct Kinds of Credit

Exchange Credit *Turnover Credit*

- **Purpose: to facilitate exchange**
- **SHORT-TERM**
- **Basis for newly created money/currency**

Finance Credit *Investment Credit*

- **Purpose: to fund business growth/development**
- **LONG-TERM**
- **Reallocation of existing money from savers to entrepreneurs**

Saving and Investment

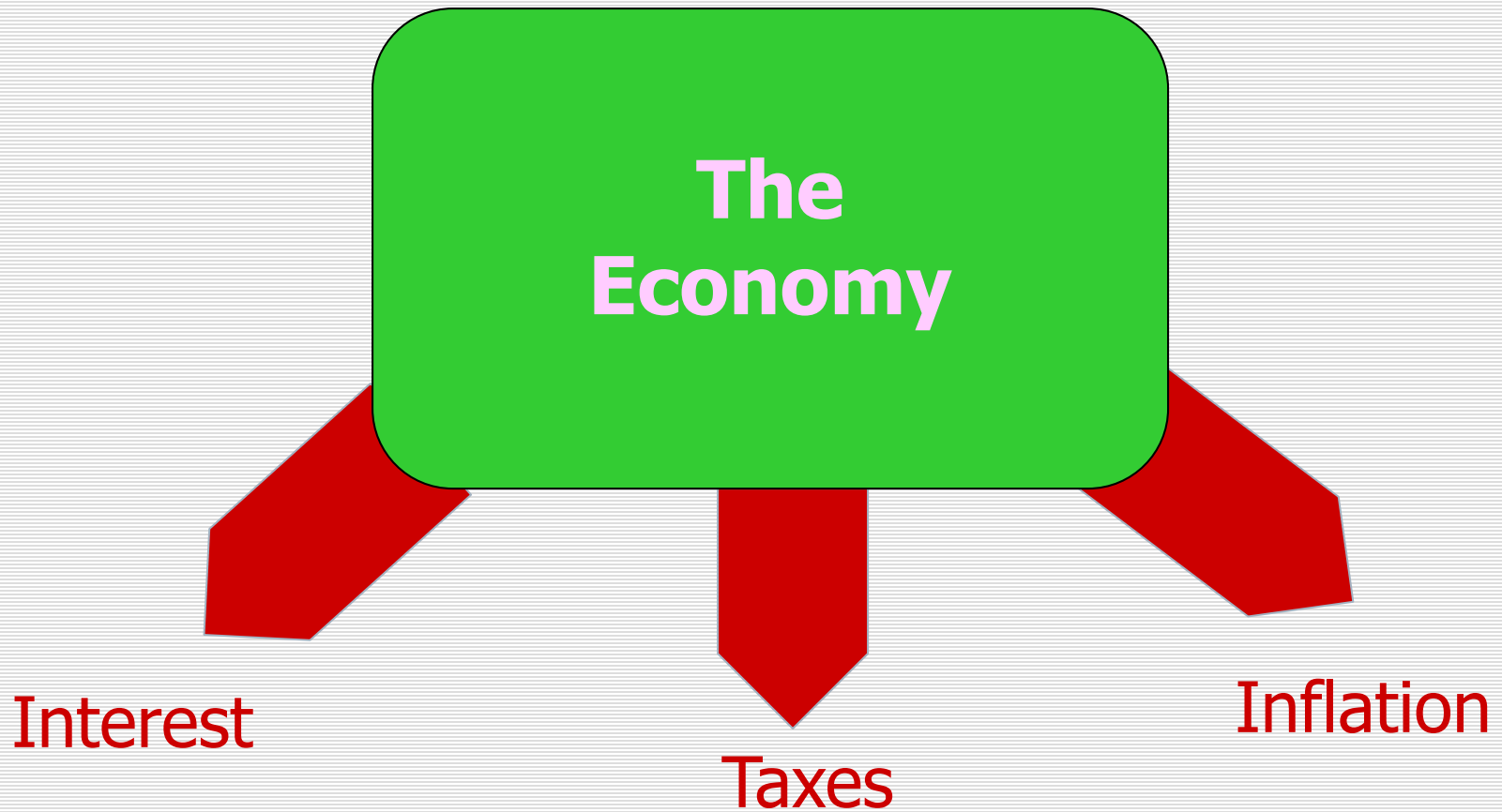
How do we save?

- Real assets (land, buildings, tools, equipment, commodities, collectibles...)
- Financial claims (savings deposits bonds, stocks, CDs...)

Financial alternatives to interest-bearing debt

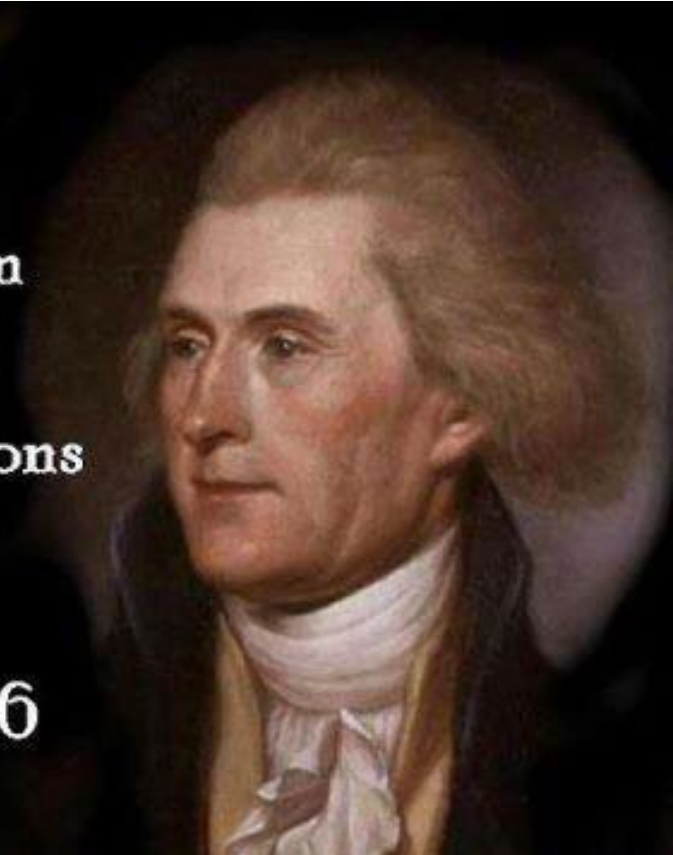
- Interest-free loans
- Shared equity
- Shared revenue
- Advance sales

Parasitic Drains Finance War and Enrich a Few



"The end of democracy and the defeat of the American Revolution will occur when government falls into the hands of lending institutions and moneyed incorporations."

-- Thomas Jefferson, 1816



Prescriptions for Community Economies

1. **Reduce competition** with other economies
 - Withdraw from *the race to the bottom*
2. **Invest in local** infrastructure and enterprises
3. **Reduce dependence** upon imports and export markets
 - *Import substitution*
 - Produce more for local consumption
4. **Enhance opportunities for local exchange**
5. **Increase the local value-added**
6. **Monetize the local value-added**

The Devolution of Power

Community Empowerment

- **Reclaim *the Credit Commons***
Organize Cashless Exchange Associations & Private/Local Currencies to **reduce dependence upon banks and dollars.**
- **Disintermediation:**
Invest our money in local enterprises that make our communities more resilient, and preserve the purchasing power of our savings.
- **From Employment to Enterprise**
Self-employment, Diversification of skills, DIY, Make for use

Three distinct aspects of a currency

□ **The essence of a currency**

- A Currency is a credit instrument (obligation) of the issuing entity.

□ **Its form of manifestation**

- May take the form of paper vouchers or coupons, stored value cards, or ledger credits.

□ **Its Methods of transmittal**

- Hand-to-hand, checks, debit cards and point of sale card readers, SMS using mobile phones.

Requirements for a Sound Currency or Credit Exchange

- ❑ **Proper basis of issue of credit.**
- ❑ Sufficiently rapid rate of credit or currency recirculation (redemption).
- ❑ Revenues adequate to cover system operating costs.
- ❑ Competent, honest, and transparent management.
- ❑ Effective oversight and participation by the members/users.

Political Monies

– Features That Make Them Dominant

- Wide acceptance within national or global domains.
- Easy exchangeability – well developed currency exchange (forex) markets.
- Support from governments.
legal tender laws, restrictions on competitors
- Their true costs and “side-effects” are obscured and unrecognized.
- Inertia – The public is habituated to their use.
- Exchange alternatives not well known.

Class War

Systematic Destruction of the Middle-Class

“There’s class warfare, all right, but it’s my class, the rich class, that’s making war, and we’re winning.”

—Warren Buffet , NYT, 2006

- **Reduced incomes**
 - Loss of jobs—unemployment and underemployment
 - Wage cuts
 - Low return on savings
- **Increasing cost of living**
 - Price inflation caused by currency inflation
 - Increasing cost of bank financing & services
 - Higher and more regressive taxes
- **Destruction of savings**
 - Dollar inflation (debasement) destroys purchasing power.
 - Outright confiscation—“bail-ins, “ ala Cyprus, are coming
- **Political attack on social programs**

The *what* and *why* of money

❑ **Money is a credit obligation of the issuer,**

Who is obliged to accept it back in payment for real value in the market

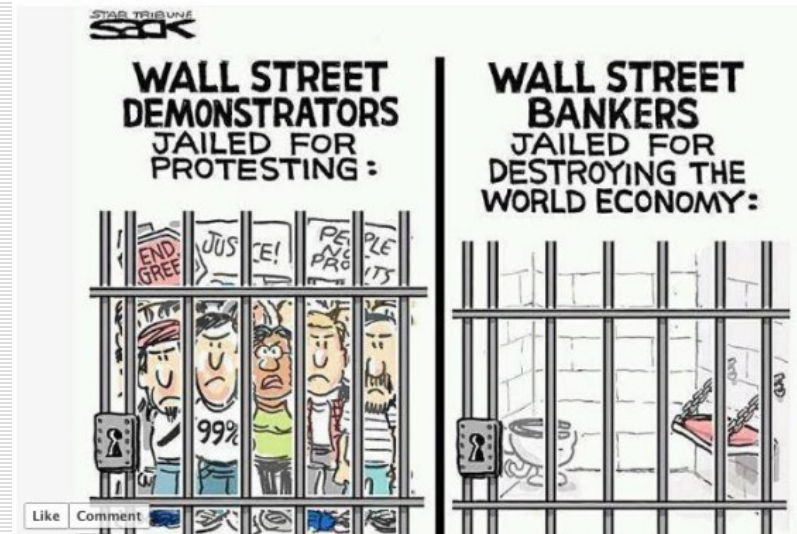
It is supposed to facilitate the reciprocal exchange of value (e.g., goods and services)

But money has been perverted and serves to

- ❑ **Centralize power and**
- ❑ **Concentrate wealth**

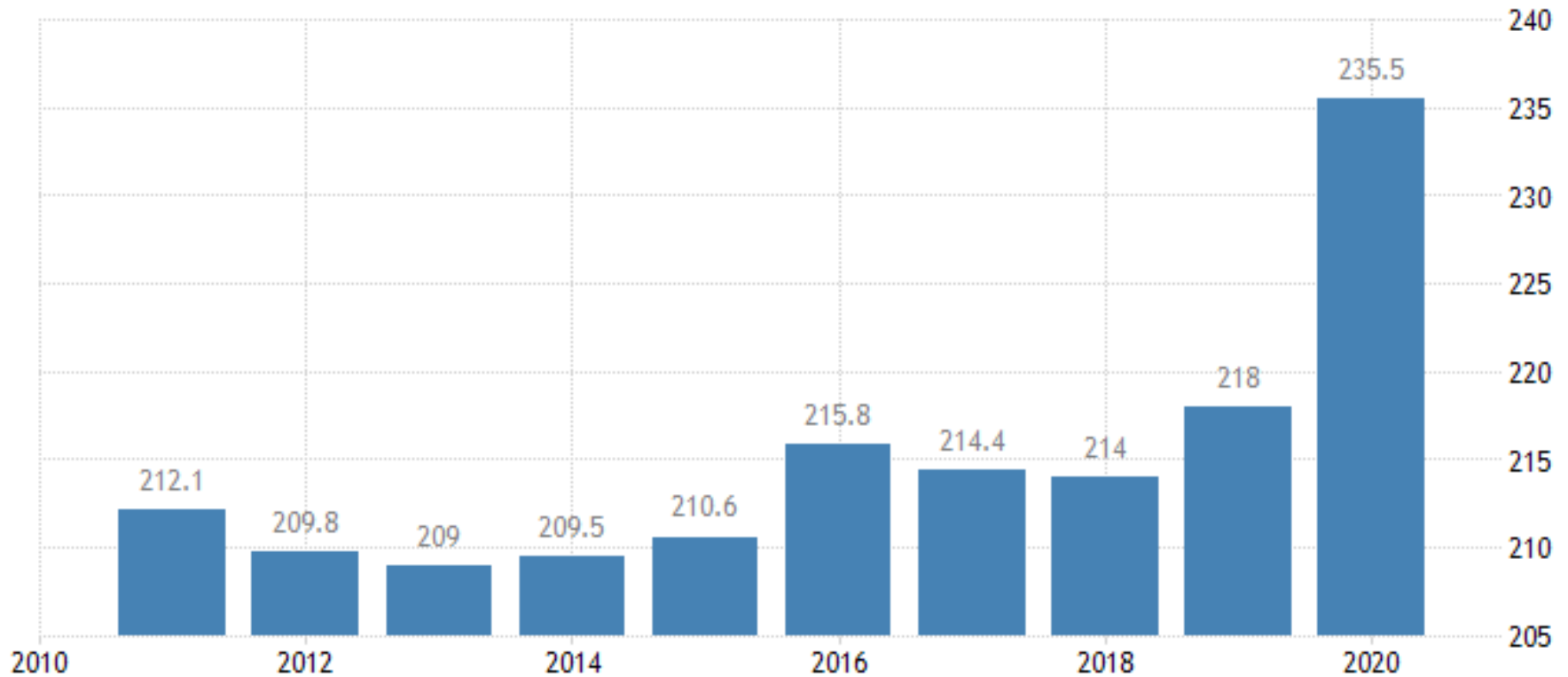


The Central Government- Central Bank Nexus



- The banking cartel enjoys special privileges granted by the government.
- The government, in return, gets to spend as much as it wants without regard to limited tax revenues (by deficit spending).
- **The federal government becomes the “borrower of last resort.”**

US Private Debt to GDP



SOURCE: TRADINGECONOMICS.COM | OECD

The Debt Trap

- ❑ Interest bearing debt growing to impossible levels
- ❑ Bailouts of banks and corporations
- ❑ Massive central bank intervention in securities markets
- ❑ Structural adjustment programs and austerity for many sectors and countries
- ❑ Political corruption
- ❑ Attacks on social programs—health care, education, environmental protection
- ❑ Privatization of government-owned assets (*the commons*)
- ❑ Reduced national sovereignty
- ❑ Tax concessions for oligarchs and foreign corporations
- ❑ Disempowerment of people and undermining of democratic processes
- ❑ Increased dependency upon proprietary products and services—GMO seeds, pesticides, fertilizers, software
- ❑ Societal stress leading to drug and alcohol addiction, suicides, obesity, etc.