

Economy Transformers in collaboration
with Oxfam Novib

An Exploration of

OUR MONEY SYSTEM

Problems and possible solutions

Collected and written by:
Helen Toxopeus en Simone Toxopeus

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FOREWORD

How money circulates and the rules and habits at its basis play a fundamental role in our society. In order to create a just, prosperous and sustainable global economy, an economy that has confined poverty to the past, with care for the environment and the long-term wellbeing of all at its core, it is crucial to gear up the money system to function to this end.

Unfortunately the money system itself is often a blind spot when we are looking for ways to achieve sustainable and stable prosperity. The debate around money, in particular in Europe, is currently raging. Oxfam Novib, itself a provider and applicant of money, works every day on the issue of money, poverty and sustainable development. The Economy Transformers is a movement representing large numbers of people exploring the issues around the economy, nature, sustainable development and the long-term wellbeing of all.

We are therefore pleased that an established institute like Oxfam Novib and a movement like the Economy Transformers were able to collaborate to produce this paper. We hope it will enhance the awareness and understanding of the money system and of the role money plays in the economy.

We are confident that this paper will help to map, structure and also direct the insight on money and its role in a sustainable economy. It is a contribution to the debate on the role of money in the economy in the future: an economy serving people, without taxing the environment. We hope that this paper will contribute to an enhanced awareness and the development of concrete policies and initiatives for a sustainable role of the financial system, in the Netherlands as well as internationally.

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INTRODUCTION

Money is used to exchange, to express value, to give something a price, to save and to make more money. Some do well and others do less well. The manner in which we handle money today appears somewhat like a game of skills that one must 'master'. Those that are good at it get even better, and those that are not good at it (or start lagging behind too much) are left on the sidelines. And 'good' is not a moral statement: to many of us being good feels like 'cheating'.

Money is the water in our fish-tank. We use it every day, without really thinking about what it really is. We pretend it has a neutral role. It facilitates our transactions, it determines value, or is a way of storing value over a particular period.

Now that the money system no longer seems to be working right, we are focusing on only one solution: more water in the fish-tank. But we also want to take a look at the water itself. What is it really? What is it made of and why does it no longer work well? Is it still the right medium for living, or should we fill the fish-tank with something else? And how? Here we will address these questions with regard to the money system.

This exploration has emerged from the Economy Transformers community (www.economytransformers.com), with Oxfam Novib as partner (www.oxfamnovib.nl). Economy Transformers is a community striving for change of the economy, to make it serve people and nature around the world. Oxfam Novib is fighting for a just world without poverty, together with people, organisations, businesses and governments. By joining people and resources, and by reviewing the money system in an open fashion, together we want to feed the debate on the issue and work towards solutions.

In the meetings Economy Transformers organises regularly, the money system has repeatedly emerged as the key factor in changing the economy. Money appears to be our blind spot: we consider it a given, including its functioning. We are not aware of the fact that we ourselves have designed the money system, and thus are able to determine by ourselves what the future will look like.

Money, and its development, is an especially effective support of the economy. It enables people to specialise and buy and sell in bigger contexts. The current financial market has however burst at the seams, and has become so opaque that it has lost its connection with real value. Transparency has been lost and the market has become unmanageable. As a result money can no longer optimally fulfill its social role.

The influence our money system has on economic phenomena, like poverty, instability, environmental degradation and inequality, has spurred us to study the issue in depth. Through interviews and group sessions on money we have gathered the knowledge and ideas in the Economy Transformers community, in order to feed the debate on the money system in a creative manner. The platform Economy Transformers offers space for a broad view of the problems and solutions, without the pretention to be scientific, complete or united. Everybody has a piece of the puzzle. Even when all the pieces are on the table, we will still not be able to complete the puzzle. Our goal is to gather the insights together and facilitate the dialogue. It is the start of an inventory of current perceptions, particularly in the Netherlands, of certain problems in our money system. As a result, it will become clear what the big issues are.

In using this work method we join the scientific tradition of the reflective practice: learning from practice and returning what was learned to the practice. Learning is after all not a linear process. The community members learn from each other, they pilot new solutions in practice, and relay back what was learned.

There are two aspects that distinguish this exploration from other knowledge sources on money. Because the Economy Transformers as a group is deliberately as diverse as possible, it first of all presents us with the opportunity to bring together a unique group of thinkers in this field. The Economy Transformers are not all economists, but each one is working on the money system in his or her own way. At times of crisis it is not

the intention to impose a single overarching solution, but jointly to design the road to possible solutions and achieve a dynamic equilibrium.

We want to present creative ways of looking at the money system, which can challenge the reader to form his or her own opinion. Furthermore, the second distinction, we are looking for long-term solutions and dare to examine the money system's foundations, the preconceptions, and why people tend just to adopt and do certain things without questioning.

The current debate on money in society is being fed by the financial crisis. Here are two comments about this. First, the crisis we felt in the West is not noticeable everywhere. In China and India few people would agree that we are living in a special time of crisis, except regarding the environment. This time round the problem first became visible in the West. The European and American economies are growing more slowly, burdened by huge debts, whilst some emerging economies still see a bright future ahead within our current economic system.

However, money also connects all economies, meaning that these countries too will be faced with our problems. They too use the same system and will sooner or later run into the same problems. Vulnerable developing countries are already paying the price. From the international angle too, there are plenty of reasons for actively seeking new solutions.

Secondly, some people think that this collection of crises (finance, environment, food and natural resources) will blow over, letting us return to our model of growth, albeit a bit more modest. That would mean that we will be using 'old' solutions to overcome these crises. Others believe that we really need new solutions and thinking in order to work towards a sustainable and prosperous future. This second group is overrepresented in Economy Transformers.

CONTENT OF THE RESEARCH AND DATA COLLECTION

In this research two questions are centre stage:

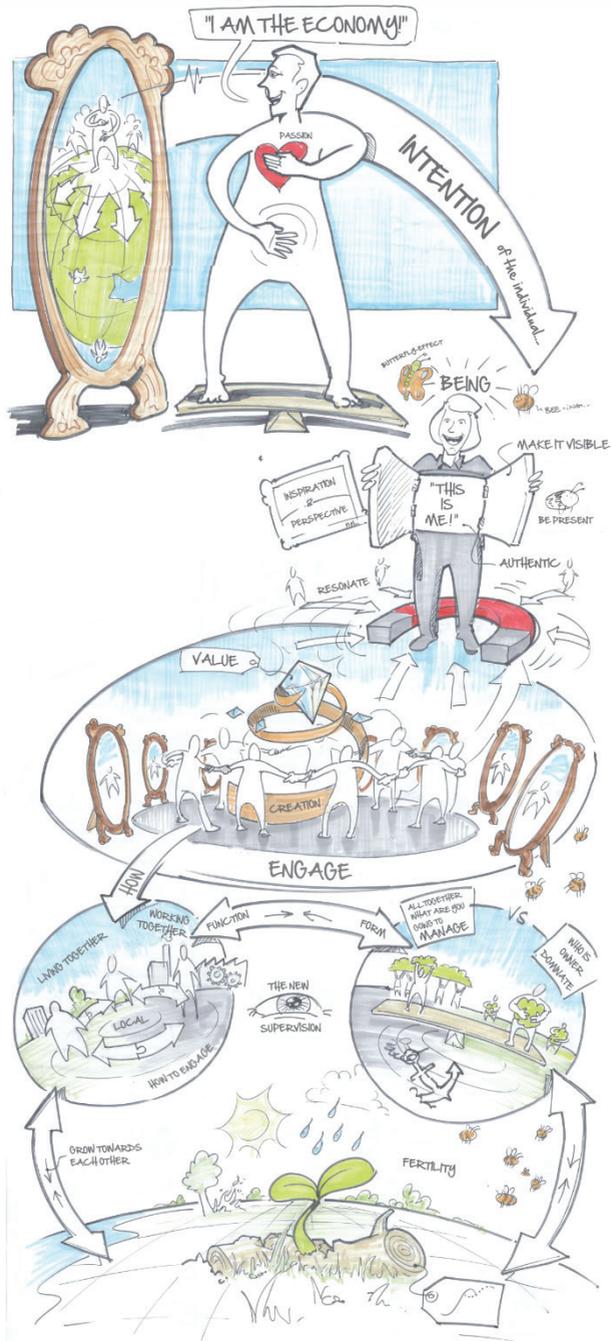
1. What are the most significant patterns in our current money system that (in the long term) block a sustainable economy and money system? By sustainable we mean both stability and considering people and nature, now and in the future.
2. What are the possible solutions or new thinking for approaching these problems? What is needed to make this reality?

The source of knowledge tapped in this paper is the expertise within the Economy Transformers community. It is explicitly not a study of the literature. It lets as many current thinkers and doers as possible have their say, complemented with input and parallel processes, such as the Sustainable Finance Lab and Enviu's research. We make use of an approach developed inside the Economy Transformers community to help clarify the problems and solutions in our economy: the six dimensions. We will explain that methodology in short below.

SIX DIMENSIONS FOR ECONOMIC CHANGE

The 'six dimensions' emerged as a framework for thinking from a meta-analysis within Economy Transformers. Together we began studying innovations in economic renewal, such as the eco-tax and car-sharing. We compared these economic practices and asked ourselves: "What is different about this in the current economic climate?" Six overarching dimensions were formulated, summarising what is needed at the different levels for developing a well-functioning system. This could be inside a business, but also at the national or global levels.

For each dimension we have formulated questions allowing us to test both the (problems of the) current reality as the solutions and new thinking. It is important to mention here that this is the first time these dimensions are applied to a system in our economy. We are therefore aware that it still requires improvements and nuances. Yet we believe it offers an original framework for looking at our money and value system, making this exercise worthwhile. We make use of a conceptual framework developed inside the Economy Transformers.



Visualisation of the six dimensions - illustrated by Jeroen Meijer

Dimension

Explanation & Framework for Testing

Earth

The way in which we use the Earth as a mirror for reality and the impact of our activities. We look at natural laws and tangible reality, including cyclical processes (life and death, growth and decline), diversity and the optimal size of ecosystems.

Questions: What is my turnover? What form am I choosing now? When will this form be ready? What is the size of my organisation and why? What is the physical reality of my organisation? What is the impact of my initiative?

Value Determination

The way in which we determine value together, and why. This is the most economic dimension. The co-ordination of supply and demand, reciprocity and value chains. Money plays a big role.

Questions: What value am I creating and for whom? How do I create value and can value change? Does it respect the limits of the ecosystem? What is the counter-value or reward? Is value for others being destroyed (externalities or external costs)? What about reciprocity?

Property

The way in which we determine and practise ownership, control and user rights. It is about the trust and security we observe in these agreements, but also about emotion, a feeling of self-worth and identification. Ownership creates the freedom to create value by oneself through enterprise. There are many legal aspects to this dimension.

Questions: Who owns what and why? How do I determine the owner, user or manager? What do I need? What is enough? How do I manage what I have? What do I pass on to the next generation, and how? Do I understand what I am managing?

Dimension

Explanation & Framework for Testing

Organisation Forms

The way in which we connect and organise ourselves. Each dimension and each objective needs a functioning organisation form. This dimension also has many legal aspects.

Questions: How do we organise ourselves? With whom? How does decision-making emerge? How do we see to an equal hearing of all interests? Who is participating and for what goal? Who is in charge? Is the organisation a form of service to other dimensions? How have the functions been distributed?

Dialogue

The way in which we shape the relations between ourselves and others. This is about communication and the image we convey.

Questions: What images am I conveying? Am I communicating on the basis of power or fear? What am I appealing to in the other person? With whom do I want to start the conversation? How do I enrich the other person with my story?

I Am

The way in which we determine our identity, the relation with our higher self. Everything that feeds our actions and with which we as people interfere with social reality.

Questions: Who am I? What do I stand for? What is my passion? What intention spurred me to act? Can I maximise my potential in the organisation? Am I developing my talents? Does this task suit me and my way of life?

PROBLEMS WITH OUR CURRENT MONEY SYSTEM

Dimension Earth

"The most crucial function as a human being is to pass on life in the right manner."

– HERMAN WIJFFELS

The Earth is giving our money system a mirror to behold. By being aware of the laws of nature and studying the consequences of our actions for the Earth, we arrive at the following observations:

- The financial economy has become detached from the real economy.
- Our money works in a linear fashion, instead of cyclically.
- Money and banking have become monocultures.

Together these factors create a money market without natural restraint and one that is seeking to detach itself from the laws of nature.

The financial economy has become detached from the real economy

Since dropping the Gold Standard there has not been an effective brake on the process of money creation. In our money system money is circulated by commercial banks and the Dutch Central Bank (DNB). Creating money is in a way a loan based on future value creation. Banks have been able to raise the amount of money in circulation by extending credits to private persons and businesses. For this purpose they have to hold a small percentage of the money outstanding in reserve, as a capital buffer, hovering between 6 and 7 percent in the past decade.

Historically Europe and the US have never had a situation like the one in the past decade, in which there is such an abundance and surplus of money. All the accumulated money must be invested, flooding the market with money looking for greater returns. The process of money creation has taken off so fast that more money was created than the real economy was worth, without inflation. People, organisations and countries could not create sufficient value to keep up with this growth in money, and as a result were unable to pay back their loans in full.

The question is how this was possible. Is it not the case that the money created by banks is lent on the basis of business plans, anticipated returns, repayment capacity or collateral?

a. Banks have created and lent credit too easily

This maintains itself: as long as it is easy to borrow money to buy a house, for instance, house prices keep rising and banks keep making profits on ever-higher mortgages. This also means that the underlying value of the loan, the house itself, depends on the amount of money that is put into the money system as debt. The rise in house prices is therefore not based on houses becoming ever-more valuable, but on the rising availability of credit and banks' need to make a profit. This rise has been higher than the growth in income or that of the real economy as a whole. The underlying value, however, did not keep pace. Banks have to continue endlessly making new money to safeguard the (artificial) stability and (artificial) growth. This system of money creation does not take into account the drop in value of the collateral. This is not the first time we witness this effect. It has happened regularly since the tulip bubble in the 17th century, but in different markets.

The creation and supply of credit has become such a lucrative process, that not only banks, but other listed companies have also begun to draw a bigger share of their profits from credit extension, linked or not linked to the sale of their products.

b. Banks began making money from the money system itself

Banks have begun trading at their own expense in financial products without underlying value or a future perspective of it. Some financial products have a social purpose.

The trade in currencies could for instance cover the risks of businesses abroad. Financial institutions and investors have begun to use currencies to make money by speculation on currency fluctuations. Money circulated in this manner does not have an underlying value, despite the bank maybe turning a profit. This has given rise to the game whereby more is earned through speculation within the money system, than by making and delivering products and services that supply 'real' value and contribute to social development. Developments in ICT have facilitated and speeded up this 'money game'. As a result the size of our money system has taken off. As long as the demand for financial products keeps growing, this is a great way for banks to become more profitable and for investors to achieve financial returns. It is much simpler than investing in real values.

c. There is therefore more money than underlying value

Considering the current price levels, we cannot all simultaneously spend our money on something 'real'. Money is a kind of voucher: it has value because we trust to be able to spend it on something of value to us. When there is a broader awareness that there is not enough underlying value for all the money in circulation, the trust in our money as means of exchange and store of value could then dissipate. This is what is happening at the moment: the money put into financial products (without underlying value, i.e. speculative) is in part seeking a different destination. This situation can lead to skyrocketing inflation to bring the purchasing power of money again in line with the 'real' value. That will, however, only happen when we view money no longer as a trustworthy store of value and want to spend it all at once.

Our money works in a linear fashion instead of cyclically

Our 'Western' thinking is linear and continuously geared at growth. That is how we have designed our society and our money system: we assume we need economic growth to go on functioning stably. We find it hard to deal with the decline and death of systems; it frightens us and we try to hold on to it with all our power. That has emerged out of our prosperity and the many opportunities for buying certainty. We are no longer used to things also going wrong. Our focus on continuous growth and our unrealistic expectation of high returns are contrary to the rhythm and logic of nature.

We not only see the impact of that in our financial system, but also in our ecological system. Both are way off any sustainable balance. By circulating money as debt without counterpoising (future) value we are creating monetary values from nothing. The debt, however, must be repaid and interest has to be paid earned in the real economy and through economic growth. If we were to try to achieve this with industrial production, the pressure on our Earth will keep rising.

Our awareness is also increasing that we need the Earth to stay alive and continue life.

This gives value to the Earth, not only as an object of exploitation, but also as a living entity for people. We include the value of so-called 'eco-system services' increasingly in our economic decisions, although it is still far from commonplace. A next step in our collective consciousness is to appreciate that the Earth not only has value as a natural resource, but also as a living system, from which all life forms take their intrinsic value that does not have to be expressed in money. This awareness can currently not be discerned in our money system, in which unsustainable use of natural capital usually makes more money. This leaves us with much to learn from other cultures still in a symbiotic relationship with nature, and those that are fully part of nature.

Money and banking have become monocultures

"The most noticeable trait of our money system is its monolithic appearance: there's only one kind of money." - SJAAK ADRIAANSE

In natural ecosystems diversity flourishes; in terms of species numbers, but also in terms of relations and transactions. Diversity provides resilient systems with resilience. In our formalised economy transactions have, however, become dominant and relations like sharing, giving, swapping and aiding have declined sharply. As a result we have created a monoculture of money, vulnerable to outside changes. With regard to money and banking, this happens in two ways:

a. We have a single dominant money system, on which we all depend

When this money system is not functioning right, we have no suitable alternatives to fall back on. There is nothing else to do than to maintain the current system at all cost. That is, until it is really no longer possible and we are compelled to fall back on our social networks, because we no longer have the resources to go out and buy the goods and services we need.

Considerations of efficiency and growth help to explain why we have moved towards a single system: the one-size-fits-all approach. It delivers the highest liquidity and facilitates transactions most easily, but is not a sensible development from the angle of risk management. We need to find the middle ground between efficiency and solidity. Around the world there are complementary money systems, but in most cases these still operate in the margins. We will return to this when discussing the solutions.

There is yet another problem with the dominance of a single money system. The money is concentrated in the centre and flows away from the periphery, as a result of the way in which we have fashioned our money system and make our money choices. This happens at the national level (London vs. Northern England), within big cities (London City vs. Brixton), but also in microfinance where the money of rural clients is invested in the cities.

This is repeated at all scale levels, creating money shortages in certain regions. Governments use subsidies to return the money to the periphery, at the European level too (European Regional Development Fund). Its impact, however, is minimal because this money too is mostly spent outside the region. To illustrate with an example: a rural man or woman goes to town to sell a cow. Part of the proceeds is immediately spent in the city. On top of that he or she also pays interest to the bank in the city for the loan taken out for buying the cow. The money that he or she does spend in a rural shop is also spent in part in the city. In this manner money slowly leaves the region if there is no work being done towards a sustainable investment cycle in the region itself. The same logic can also be applied to certain sectors where money is flowing away from it, like the arts sector.

b. The vast majority of banks have begun to resemble each other

Most banks are quoted at the stock exchange. They have the same organisational structure and hire the same kind of people. The system thus loses the power arising from diversity. This means that there is a big chance of them also encountering the same problems and making the same mistakes, as became painfully obvious in the recent financial crisis. Banks have begun to function independently of the community from which they had emerged, and have detached themselves from society. Banks set up differently (Triodos, Rabobank) have so far been hit much less by the financial crisis, which has made the financial system as a whole more resilient.

Agriculture is slowly beginning to realise the disadvantages of monocultures

"Twenty years ago agriculture stood where finance now stands: unstable, on the ten o'clock news every night, under social scrutiny and deeply divided about the future."

– HARRY TE RIELE

Harry te Riele makes the analogy (in his paper on financial systems) between our money system and the agricultural sector. Driven by the objective of 'hunger never again' (after the famine of 1944-45) and that of 'maximising returns', scaling up and monoculture became the norm after the Second World War. It took decades for the awareness of the costs to penetrate: loss of biodiversity, polluted surface and groundwater, deforestation and air pollution, to mention a few of the effects. Agriculture is still looking for a new approach and realises the importance of diversity, if only to reduce the system's vulnerability to diseases.

Dimension Value Determination

How do we as a society determine if things have value? And how much something is worth? Money plays a crucial role here. Prices, expressed in money, give an indication of what people are prepared to pay for a product or service. Prices make things comparable. The price of a bunch of bananas is at least as high as a cup of coffee in a bar. Money facilitates easy transactions (exchange function), but also allows us 'to save' value for consumption in the future. Through our money we direct events: someone gets up to make us coffee, or to import bananas. We apply marketing tools to ensure that people attach more value to certain products and services.

This also happens at a larger scale: in the public realm the government determines the value to be created by, for instance, investing in infrastructure and education, or by encouraging private house ownership. Banks direct the value created in the commercial realm by selecting the sectors that get credit.

Finally, at the collective cultural level we determine what has value. This is expressed in our consumption pattern. It is also determined by the quality of life that cannot be expressed in terms of money), such as friendships, a sense of involvement and participation, access to beauty in the form of art or a beautiful park in the neighbourhood.

Definitions of Value, Money and Price

Value is a subjective term. Everybody has his own view on what is valuable, and how much something is worth. It is problematic to give a general definition. Yet there are two kinds of values that are regularly mentioned in this paper, and demand further explanation.

- **Intrinsic or real value.** Something with intrinsic or real value is valuable on its own. Arable land, for instance, already has much value on its own. It provides nutrients for different crops to grow, which are processed into food for people. Food has intrinsic value, because it nourishes us. A house has intrinsic value because it provides shelter.

- **Financial value.** This is value as expressed in money, and only a means of obtaining intrinsic or real value. Financial value is in fact a figure in a computer or banknotes in a vault. It is value based on the agreement that we can exchange it at a certain price for something with intrinsic value. If we do not accept it as a means of exchange, it is worth nothing (in the case of banknotes, at most what the paper itself is worth).

Money is an agreement to accept something that to us has no fundamental utility or value of its own, but on which we trust that we can spend it on something that does have utility or value to us (Greco's definition, 2001). It is used as a means of exchange, as a means of saving, as a unit of calculation and, according to some, as a binding agent (within a community). The value of money depends on the trust the community places in it in order to spend it on something with intrinsic value.

A price is set by the seller and buyer valuating their services or goods. The buyer is prepared to pay a certain amount for a product, and the seller shows what is needed to cover costs. The balancing act between supply and demand then sets the price.

Our system of value determination has several fundamental problems:

- We cannot express everything well in money, but do take decisions based on money
- We have little insight in the impact of our money choices
- The price paid for value added is often set by balancing negotiation positions

We cannot express everything well in money, but do take decisions based on money

“The core of the ecological crisis is a ‘crisis of perception’. In our day-to-day lives it is normal to ask if we can afford to invest in sustainability. Knowing that people are totally dependent on other forms of life, this is a totally ridiculous question.” - SARAH DENIE

Using money as the dominant form of value determination limits us. If we were to make a list of everything in our lives that has personal value, we would find that some things can be acquired with money and can therefore be expressed in money (food, a roof over our heads, clothing, warmth), but then again many things not, or not always (love, friendship, fun, belonging, recognition, silence, clean air in the neighbourhood).

Price-less items, like nature, must compete with items that we can express in money, such as agricultural land and homes. How do you then decide what is more valuable and how do you attach a price tag? Is that possible at all, and is it desirable? Many items are treated as a product or service, whilst that does not tally well with the quality they really have. By describing all kinds of non-economic matters as if economic, we are comparing apples with pears.

Despite the impossibility of determining the right value of everything, society is accepting increasingly that money is the decisive factor. When taking decisions we ask ourselves: how much money does it make? Because it is so difficult to express non-economic matters in money terms, these components of society often lose out. We ask ourselves, for example, if we have enough money to protect the environment, whilst that is really a very strange question: will we later have enough nature to continue living? What is it worth to us that future generations still have clean air and nature to revel in? The cultural isolation of people from nature has created confusion about value. The continuation of the Earth is an immutable condition for the survival of our own species. How our financial system values that always comes second.

We have little insight in the impact of our money choices

We often do not know what our money ‘is doing’ once we have spent it, invested it, paid our taxes and pension premiums, or put it on our savings account. Because the final destination of our money is not visible, since we do not know the producer or do not know what the bank uses our money for, we only get information about the money when it is working for us: a product, a service, interest, profit or more pension. We thus base our choices on limited information. We spend our money on products unaware of the power we are exerting indirectly.

Does the money stay in the region or is it transferred to a head office in the United States? And what does it then do there? Does our purchase or investment provide safe employment in developing countries, or does it lead to child labour? We get hardly any insight in the other values that are being created or destroyed by our money choices, such as the pollution of eco-systems, the protection or destruction of nature, and access to education. Yet as consumers, savers and investors our money choices determine the development of value around the world. And what does it then do there? Does our purchase or investment provide safe employment in developing countries, or does it lead to child labour? We hardly get any insight in the other values that are being created or destroyed by our money choices, such as the pollution of eco-systems, the protection or destruction of nature, and access to education. Yet as consumers, savers and investors our money choices determine the development of value around the world.

The price paid for value added is often set by balancing negotiation positions

Price is often not based on the value added of a product or service. People in developing countries often get prices below the value their work represents due to a bad negotiation position; and too little in order to develop in a humane manner. The difference is for the entrepreneur. In the West this is mirrored in low prices, on which we merrily yet naively base our purchasing decisions. Although we no longer talk of 'exploitation' like we did in colonial times, paying low prices amounts to doing the same, but then less explicitly and less visible to the consumer. The power of money influences the price.

In addition, the price of raw materials and food, often from developing countries, is influenced by international speculation and trade in these products on financial markets. Not for the sake of the product itself, but in order to make money through trade. This trade influences the extent to which a human existence is possible for those at the bottom of the chain, and for people depending on them for their basic food items.

Dimension Property

In our society we have an extensive legal system that determines property structures and sees to it they are protected. This gives us a sense of trust and security, and a basis for making agreements. After all Adam Smith did advocate the significance of property: to him it was the key to equal access to the economy. Money is a means for acquiring property. The moral basis of these transaction based on money is, however, not questioned structurally. Here we mention two of the most important problems concerning the issue of property in relation to money.

- Interest on money undermines the sustainability of our society
- Unlimited possession of money grants power that influences all of society

Interest on money undermines the sustainability of our society

“Interest has made a lot possible. Without interest there would not have been an Industrial Revolution. Without interest the West would not be rich. But inherent to interest is the push to growth, which is now making our Earth burst at the seams.” – DETTE GLASHOUWER, THEATRE PIECE ‘MONEY AND ENOUGH’

Interest is a way of rewarding the possession of money. It has many useful effects. It stimulates people to postpone consumption and lend money to others, directly or via a bank. Interest is not only a compensation for delaying your own consumption, but also for the risk you run that the money is not paid back. Because people are prepared to lend money, it can be aggregated for bigger investments in, for instance, mechanisation and automation, which in turn lead to productivity growth. The interest income earned on these investments leads to more capital becoming available for lending to new investments. They in turn facilitate faster, more productive investments, which then lead to price falls.

In addition, to banks interest is a means for recouping the organisation costs of facilitating money flows. For individuals interest is a nice way of maintaining or increasing value and transferring it to the next generation. Especially when the currency in which you are saving is subject to inflation and over time would reduce in value without interest.

Until the sixteenth century interest was not culturally unacceptable. All religions had rules to oppose it. Ever since the acceptance of charging interest economic progress in the West has accelerated enormously. According to many experts, interest has also led to outcomes that are unsustainable in the long term. We are being confronted with that right now.

a. Interest makes us save money, instead of saving the Earth

Interest gives money a financial value. Money makes money. As a result it appears to have an intrinsic value, but interest really disconnects money from this intrinsic value. All value is namely compared with the value you receive when you deposit the money with a bank. Interest makes it attractive to save money for later. We assume that we will be able to buy what we want with our money at a later date, instead of buying now and looking after it in a sustainable manner. The intrinsic value of a product or natural resource is influenced because we can express its value in terms of money, and thereby make it interchangeable.

Because we save money and this generates interest, it matters to us to have as much money as possible. In other words, the more (real) value we can now convert into money, the better. Interest ensures that this money is worth more in ten years, that is, if inflation remains below the rate of interest. Money appears to be a sustainable way of saving for later. Other ways of holding on to value or of creating it (for example saving

whales, the rain forest, or improving education) have to compete with money and its concomitant interest. They often get the short end of the bargain, because in the end we express value in money terms. So we cut down the rain forest in order to sell the wood and deposit the proceeds with a bank, to save for later. What this decision does not consider is that capital (the rain forest) is not an inexhaustible resource in the long term. And that makes clean air, expressed in money, infinitely expensive.

b. Interest leads to thinking in terms of scarcities and competition, instead of co-operation

Interest creates thinking in terms of scarcities. After all we have to compete with each other in order to earn the money to pay the interest on the money we lent or borrowed. The money we have borrowed is created by banks – as debts. This money has thus been added to the economy (see Dimension Earth and the discussion about a money surplus). The interest we must pay back on this loan was, however, not created or printed in addition to the existing amount, but has to be paid from that existing amount. This applies to everyone taking out a loan. The result is a shortage: the total available amount of money is insufficient to cover all debts and interest payments. Interest therefore makes money scarce. This then works as an engine driving us to take on more debts. The size of interest payments is bigger than you might think. You can express the amount of interest payments in a society as a percentage of the total economy, by multiplying the total debt with the market interest rate. A debt of 400% of GDP and a market interest rate of 5% gives an amount of 20% of all payments that is being paid to cover interest.

c. Interest creates the need for eternal economic growth

As long as the rate of interest is below the growth in the real economy, there appears little to worry about. But when tomorrow you have to pay back what you were borrowing today, you must grow: you took out an advance on your higher future production. Stagnation or shrinking of the economy has not been considered, and neither has the depletion of the natural resource that stimulates this growth. At the individual level this is expressed in the bankruptcy of some and the success of others. At the level of the entire society, this implies rising numbers of bankruptcies when growth falters but interest payment obligations remain. It becomes a rat race, with the odd winner still able to grow. The vast majority will not be able to hold on financially, trapped as they are between interest payment obligations and economic stagnation or retrenchment.

From the perspective of financial institutions our economy must continue to grow. That is because we get a compound interest on our savings and pay a linear interest on our loans. In other words: on money in the bank you not only receive interest on the capital amount you have deposited, but also interest on interest. More loans are therefore required, or much higher interest rates on loans, in order to pay this compound interest to savers. In order to prevent banks from having to pay out more interest on savings than they make on loans, they normally do not extend loans for periods longer than 15 years, when the loan must be renewed. The capital sum of the loan is then often increased with the increase in value of the

collateral and with inflation. This new balance is again based on creating more money.

d. Interest creates an evermore distorted income distribution

“Money goes after money. And so poverty will always be around, as no money attracts no money. How to break through this cycle is one of the biggest challenges of our time.”

– GINE ZWART

Because money attracts money, it is distributed unequally in society. People with money make money through interest payments and returns on investments, whilst it is the people borrowing money that have to pay interest. Once you have money, you can use it to make more money. Once you are without money, you have to pay to be able to use it. To borrow money you need property (collateral). The richer you are the greater your access to money. Solving the problem of poverty thus becomes more difficult, because the gap between the poor and the rich is growing. A continuous transfer of values from the poorest segment of the population to the richest segment emerges as a result of interest payments.

Not everybody shares this analysis of interest. However, it is a perspective that often surfaces, inspired by Bernhard Lietaer (also see: *The Future of Money*) and online films like ‘*Money as Debt*’. Some experts give more weight to the earlier described positive impact of interest. Others posit that money cannot be scarce when it can be created without limits.

Unlimited possession of money grants power that influences all of society

The possession of money is a permit for buying and consuming whatever we want – after all, we are paying for it! The distribution in the consumption and possession of products and services has become totally disjointed around the world as a result of using money as the distribution mechanism. This imbalance creates both famine and obesity. Money appears not to be a sustainable mechanism for distribution.

Does money give unfettered rights to using goods, land and nature, even at the expense of others and of future generations? Should that right be based on the possession of money? Why do we condemn the people with bad access to money to poverty and misery? We do not question the distribution mechanism enough. It is accepted that the richest people in the world (including the larger part of the Dutch population) can adopt lifestyles that significantly impact finite natural resources and nature. With this big ecological footprint we indirectly influence the lifestyles in the poorer parts of the world, e.g. through value chains that lead to bad working conditions and environmental degradation (also see the previously described impact of our money choices, *Dimension Value Determination*).

Where money, the economy and law intersect, processes emerge that could corrupt what we hold desirable. Former finance minister Gerrit Zalm said with good reason that he would rather be in charge of finances than be the prime minister, because the finance minister is really the cabinet's shadow prime minister. Money sets directions, and thus often sets policy.

Furthermore, it is not unusual that money suborns apparent independent parties in our society, in line with the well-known phrase 'money talks'. An example is the censorship practised on scientific publications, because businesses financially support research or only get published if the outcome is favourable for the client (positive-outcome bias), also when the government is the client. This leads to a society that receives warped and incomplete information.

Dimension Organisation Forms

In this dimension we ask ourselves: how has our money system been organised? Who takes the decisions? What are the objectives of the system's different components? And do they also support the development of a sustainable society in the long term?

When we place our money system under a microscope we can discern two things:

- Banks have begun to function in the service of their stockholders, instead of in the social interest
- Supervisors have failed in placing banks' social tasks centre stage again

Banks have started to function at the service of their stockholders, instead of in the social interest

"Banks not only lubricate the economy; they have also become the fuel."

– FLORIS LAMBRECHTSEN

Originally banks are social organisations that have emerged from communities. They lubricate the economy: when they do their work right, the economy functions smoothly. The interest of a well-working financial sector is also recognised in developing countries. When people have access to financial services (saving, borrowing, insurance) the economy is developing faster than when money is lying idle under mattresses and entrepreneurs do not have the money for implementing their plans. Investments direct savings back into the economy.

By partially losing sight of the social objective a number of things have changed in the organisation of banks. Banks have become disconnected from the community's interests and have begun to function as public stock companies. They have acquired stockholders focussed on short-term profits and are speculating with their own resources. They push the boundaries by taking ever-greater risks to make more money. As a result the sustainability of our economic system and ecology are jeopardised.

The following organisational factors play an important role:

a. Banks have based their policy on rewards on maximising profits and stock values

Banks are geared to taking more risks, in order to guarantee the expected returns. Staff reward systems focus on achieving targets, that are not necessarily in line with the long-term, social goals of a bank. A side effect of the targets is that competition arises within the organisation itself (every person and department usually has its own targets) and the trust between employees declines.

b. A one-sided focus on profit maximisation means that client and society are not placed centre stage

The banks decide which part of the economy grows without considering the social impact. This is made clear once in a while when another financial product is sold that hurts people, such as usurious insurance policies. Banks hardly have to account for the social impact of their investment decisions, at most for controversial matters (e.g. the arms trade).

The jump to financial services in developing countries is easily made. Microcredit is widely praised as a means of combating poverty. It is where banks do have a social role, but at times the interest of (microcredit) banks and their stockholders takes precedence over poverty alleviation. A (microcredit) bank that lets its profit objective prevail over its social

objectives (poverty alleviation and economic development) tends to extend loans on the basis of risk reduction and profit maximisation, in other words repayment assessments and collateral. The question should also be: am I helping people in their development with this loan? This includes the question if the client can repay through sufficient earning capacity and not only because he or she put up the house as collateral. The size of the loan must be in tune with the possibilities of a country, an organisation or a person creating value-forming processes.

c. Banks have become too large to be allowed to go bankrupt ('too big to fail')

Prior to the financial crisis the reigning attitude was 'to eat or be eaten'. Banks became ever bigger through mergers and takeovers. A wave of consolidations took place, in which banks had to be active to be able to stay on course. In addition, the stockholders encouraged the takeovers, so they could cash in transfer bonuses from selling a bank.

The balance sheets of the big banks have become so big that the entire financial system threatens to destabilise when one of these banks fails, which is what the phrase 'too big to fail' is all about. Other banks and the government must take on these debts. This does not motivate banks to limit risks by maintaining high reserves of their own. The knowledge that other parties must jump in because they too would otherwise be hurt leads to moral hazards, the taking of excessive risks. After all, the profit goes to the banks, their losses do not. Stock and shareholders also know this, therefore also neglecting their risk-limitation function.

Supervisors have failed in placing banks' tasks of banks centre stage again

Although there is no dispute that the Dutch Central Bank (DNB) has a social task, it dares not or cannot take far-reaching measures to reform the banking system sufficiently. The DNB's primary goal is to safeguard the stability of the current banks, not to safeguard a banking sector that really serves society. Literally its mission is: "to promote financial stability and thus contribute to prosperity in the Netherlands."

It appears that the DNB and other central banks are either still looking for a long-term solution, or are influenced too much by the bank lobby. This is in part due to the linkages between banks' and governments' top officials, and because the possession of money grants power (see Dimension 'Property'). As a result vested interests play an important role in designing supervision measures (such as the Deutsche Bank and its big role in the mechanics of the European Emergency Fund). Besides that, central bankers have limited means, for instance to influence money volumes, whilst we often think they fully determine them. Central banks' interest policies should regulate money volumes, but interest incentives have too little impact.

Alongside the central bank, politics is the party par excellence to defend society's interests in the long term, also in the financial sector. Yet government too has too little influence and/or insight to fulfil this role with verve. Terms of office of four years and elections quickly on the horizon, give rise to short-term thinking with too little space for fundamental changes. Although the high pressure of a (looming) crisis could help.

Another important role played by the DNB and the government is that they think that stimulating economic growth is good for society. This is treated in the next dimension. Looking at it from this perspective, banks' creation of abundant debts is socially attractive and needs no change at all.

Dimension Dialogue

When looking at money from the dialogue perspective, we focus on society's images of money. How do we perceive money? How do we communicate about money? What do we understand of money? This provides a different perspective to the analysis we made in the dimension 'Value Determination'. It is after all the image we create together, which influences our perception of value. We will elaborate four images:

- The vast majority of society does not understand well how money works
- Economic science regards money as 'neutral'; but money is not neutral
- We measure our society's success on the basis of economic growth
- We believe that competition delivers the best price

The vast majority of society does not understand well how money works

“People with lots of money are called rich. But these people really only have lots of vouchers.” – WIM GIELINGH

“Money changes its nature and function, depending on what we use it for and how we use it: cash-money, purchasing money, loan money, and gift money.” – JAN SAAL

The vast majority of society is not aware of the true nature of money. This is logical, we are not taught it at school. We believe that money has value in itself and do not see that it is really a voucher, or future obligation. This leads to wrong images, as mentioned earlier on in the dimension ‘Value Determination’. We place money centre stage, instead of the underlying value, such as nature, raw materials, labour and enterprise. We view money as the end, not as the means.

If we were to understand money and value better, there would be more resistance to current practices and more energy would be spent on innovation and renewal. It appears as if this awareness is currently growing, precisely because the system is functioning less well and the role of money itself has become more visible. The media’s role in this is crucial. According to some the media has exacerbated the financial crisis by reporting on events from a short-term perspective. There is a need for (people in) the media to clarify developments with an eye to the long term.

Economic science regards money as ‘neutral’; but money is not neutral

At the moment money is the most influential steering mechanism of our economy.

*“The money system is used not only to facilitate economic growth, but also to force it.”
– HERMAN WIJFFELS*

Yet until recently it received little attention, and there was little research, resulting in economists often making wrong predictions about human behaviour. When the market price of a product falls, generally accepted economic theory predicts lower production levels. Yet the opposite is happening, when the market price of a product falls but the demand for money remains equal, producers will start producing and selling more to be able to meet their own needs for money (the result of monetary obligations). In this case the demand for money is stronger than the fall in prices. By placing the money market and its own dynamics alongside other markets, we begin to understand better how the behaviour of consumers and producers is really influenced by money. Money is a system of values, which truly does influence our behaviour. Economic science, however, pays little attention to the difference between money and value.

We measure our society's success based on economic growth

Our society and the business community rely on economic growth in order to function. We measure the economy's size – and thus growth too – mostly on the basis of the total volume of money transactions in a year (price level x transactions). We then connect these statistics seamlessly to the quality of life: when we make more money together our lives improve and we attain higher levels of prosperity. To be able to continue to grow and make more money, the contracting and circulation of debts is encouraged. According to Arjo Klamer (Sustainable Finance Lab, November 7, 2011) this perception of reality emerged in the 1930s, when economists began viewing society as a machine, with input and output. This perception gave rise to three problems:

a. Relevant aspects of our wellbeing are not being incorporated in the measurement

Our society's success (the level of wellbeing) depends on more than mere money transactions. Social relationships, security in the streets and access to nature contribute to a positive feeling about our lives. These factors are not included in measuring economic growth because money plays no, or hardly any, role in them. You could use the public expenditure on, for instance, the police to measure the level of security, even though security in the absence of police is often more valuable (think of the feeling that comes over you in countries where armed soldiers are stationed on every street corner).

b. Activities that add nothing to our wellbeing, or even lower it, are included in the measurement

When company A generates high turnovers by keeping its prices as low as possible to raise the demand for its products, it is positive to economic figures and the circulation of money. Yet it does not take into account the possibility that the company is keeping its production costs low by setting up polluting factories or getting people to work for starvation wages. Company A will let the economy grow more than company B, which produces the same products in a factory running on solar panels under humane labour conditions, but has higher costs and more competition than company A and thus a lower turnover. This however, does not have to mean that more net wellbeing has been created.

c. Activities that used to take place outside the money system are characterised as growth

Mothers' care for children is a typical example of a wellbeing enhancing activity, which is not incorporated in our measurement of a society's success. And that while we are talking about the development and upbringing of our future generation! When these mothers start working and hand the care of their children over to a professional party (such as a day-care centre), the care gets a price tag and becomes part of our money system. This activity then suddenly turns up in the 'success measurement' of our society, whilst it had been happening long before. The same can be said of care in the community vs. professional care. We see the number of money transactions growing and thus consider our society more successful than before. Yet, the question remains: has our general wellbeing improved, remained the same or diminished?

We believe that competition delivers the best price

“Competition is the principle that gives structure to the economy, and collectively we believe that this is ‘natural’. What would happen to our self-image and society if we were to use ‘co-operation’ as the principle for giving structure to the economy? We have no idea at all of its potential.” – DAMARIS MATTHIJSEN.

We have collectively begun to believe that competition is the best basic principle for our economic activities. Without competition we get weaker, is the general notion. When legislation and regulation do not force businesses to compete, the consumer cannot be adequately protected against the power of multinationals. Competition delivers the best price for the consumer, which is what it appears to be about these days. But what is the best price when the long-term consequences also have to be borne by the consumer? Is transparency about these effects for people not a condition for accepting a real price at a supermarket in which all values are discounted?

The competition dogma is strong. We pay high bonuses so as not to lose top bankers to other countries and dare not take environmental measures because of an unfavourable business climate. It is interesting to investigate what a steering or ordering principle like mutual dependence – and thus co-operation – will do with value chains, their design and price formation.

Dimension I Am

"You need development to become yourself and thus become of optimal service to others. There is a polarity between development and the economy. People who develop themselves for the sake of society must be exempted from making money." - JAN SAAL

The dimension I Am is about the way in which we determine our identities, for ourselves and society. We could also call this the spiritual dimension: the relationship with our higher self. What intention is behind our actions? What fuels our actions? How do we develop our talents and how do we do that in relation to others? How do we influence social reality? In this dimension three propositions emerge:

- Money plays a big role in determining our identity
- We are unaware that our financial choices influence the economy
- We use our talent for work that does not deliver the most value

Money plays a big role in determining our identity

“Monetary value is visible, is more often communicated, more often measured and taken seriously than all forms of ‘intrinsic value’. Monetary value has become the only lens we look through. In doing so we have turned everything into a lifeless, one-dimensional number.” - JAN SAAL

We are stuck in a paradigm based on money and growth. We have become separated from our own consciousness, from what life is really about. We have shaped our awareness as ‘homo economicus’ in our system. This is a one-sided image of humankind. We are so much more than that. We have begun to value ourselves in terms of money (how much money do we have, what do we earn) and also use that as our drive. As a result we have become separated from our own values. We allow our self-worth to be determined by money for a large part: it has received an intrinsic value in our consciousness. Even if we were to define ourselves differently, we are still stuck in a system where we have become so dependent on money that our freedom to choose is limited. This is often a self-imposed lack of freedom: we believe we need a certain amount of money to feel safe and maintain our identity. That is not always the case. We maintain this self-imposed lack of freedom ourselves.

We are unaware that our financial choices influence the economy

Every individual is part of the economy – there is no bigger or smaller aspect of the individual. We often feel powerless vis-à-vis the big ‘system’. We believe we do not have the ability to influence it and cannot find space for our identities. We often feel like a victim: we would like something else (a new job, or to shop organic), but we do not have ‘enough money.’ We often do not think about the consequences of our choices around money. What does our money ‘do’ when we spend it, when we save it, when we deposit it in a pension fund? We start processes without thinking about it, or wanting to think about it.

That is related, of course, to the lack of transparency about what is happening to our money (see Dimension Value Determination). But even when this is clear, we often do not think about it in this manner. Are we going to buy a bicycle, or fuel? Is our money spent on developing bicycles or on drilling for oil? It is crazy to observe that we are more worried about the small part of our money we spend on charities – because we then choose consciously for poverty alleviation, against famine and for nature preservation – than about the bigger share we spend and invest daily. Whilst that bigger share allows us to exert much more influence on how the world develops.

Even if we were aware of our influence and even if our money’s destination were transparent,

that still leaves the question if we would really deploy our money differently. That depends on the value we give to something at that moment. Do we consider the longer-term value for our children and the environment? And to what extent are we open to appeals to our conscience about what our money is inflicting. We already have enough decisions to worry about.

We use our talent for work that does not deliver the most value

The manner in which we develop our talents and use it in society is in part driven by money. Smart people with the best education go for money in the financial and legal sectors. They develop and buy complicated financial products or think of ways to make that legally possible. With money as driving force, these activities become ever-more successful and less talent is available for tackling our social problems. In fact, this talent unconsciously causes the social problems by devising products that are so complicated that people can no longer oversee the consequences, not even the financial and legal professionals themselves.

The value to the individual is mostly sub-optimal in this manner. Exceptions left aside, many people want to work in the financial sector for five to ten years to 'make it' and then follow their real calling or passion without money worries. In practice it has proved difficult to detach ourselves from this abundance of money (high mortgage payments, lifestyle, circle of friends, or an ego that cannot do without). It then becomes more attractive to serve your time in a job that no longer accords with a personal or social drive. We can then no longer speak of value creation.

NEW THINKING ABOUT OUR MONEY SYSTEM AND POSSIBLE SOLUTIONS

New thinking about our money system and solutions for integrating this system in a stable economy, one that serves humankind and nature, exist in all shapes and sizes. Here we will emphasise solutions that the Economy Transformers Community is working with. Additionally, we will integrate the thinking of other recently emerged movements contemplating the future of our financial system, such as the Sustainable Finance Lab, Enviu and Positive Money.

Some solutions simply contradict each other. The different experts, who have contributed to this analysis, therefore do not always agree on all solutions. We do not take sides, but want to give space to different ways of thinking.

Turn banks into socially active enterprises for the benefit of society

"A banker is not a bad person. But he does work in an environment that appeals to his bad side." – KILIAN WAWOE

Though easier said than done, we can organise banks in such a way that their strategies and operations are focussed more on the previously mentioned social tasks. That means that they again serve society and nature, instead of deriving the maximum possible profits from them. There are several things that can be done to achieve this.

a. Design property structures for banks whereby the proprietors are automatically focussed on long-term stability

Rabobank, for instance, has designed bonds for investors with the bank's long-term stability as primary objective. Should Rabobank's capital reserves drop below 7% investors lose 75% of their bond. As a result bond-holders are proponents of maintaining sufficient capital reserves, instead of advocates of more leverage and risky investments. This does not square with stockholding, where short-term profits are attractive. By aligning the owners' objective with the banks' social long-term objective the conflict of interest disappears.

Another example is the property structure of Triodos Bank. That does not have stakeholders, but only certificate holders. The latter are tied in with the bank's long-term results. Due to its co-operative structure Rabobank also generally has a long-term relationship with its owners. Credit Suisse too has successfully designed bonds that are converted into stocks when the bank's reserves fall below a certain percentage.

b. Abolish bonuses or tie them in with long-term objectives

Banks can function fine without bonuses. That has always been the case, until a couple of decades ago. The argument that top officials would otherwise leave for abroad or for another bank only applies to a small percentage of staff. If bonuses are paid out, do ensure that they are based on the collective and not on the individual performance. Abolish specific targets and let staff focus on the fundamental long-term objective of the bank as a whole. This would encourage them to be more creative and entice more thought. Base the bonuses of top executives on the performance over the ten years after their term in office, because it is then that their strategic approach shows success, or not, or link it with their pensions.

c. Design measures to reduce risk-taking behaviour in the sale of financial derivatives

Currently the person arranging a mortgage, for example, can sell the attached risk wholesale. If the original seller is forced to continue bearing part of the risk, he or she is stimulated to act with more caution.

d. Appoint more women in banks' executive functions

Scientific research shows that women take fewer risks and spread them better. In addition, at times of crisis women respond more contextually than men, who often cling to existing rules. Precisely in a changing society there is a greater need for contextual action, hence more women should be at the top to take part in decision-making. In order to achieve this, typical masculine cultures must disappear. It can also be achieved by setting a quota.

e. Create a diverse banking landscape with diverse people

Make the bank sector more robust by increasing diversity in the financial system. For example, keep ABN Amro as a government bank, alongside Rabobank as a co-operative bank and Triodos as a niche bank with certificate holders. The split between consumer and investment banking would also provide more diversity (also see the solution: Tighten regulations and raise government influence on the money system), just like splitting the banks that are too big to fail. In this manner the chance is reduced that banks get into problems simultaneously, giving rise to a system crisis we as society can no longer absorb. In addition, the kind of people hired must also have a more varied profile. At the Sustainable Finance Lab of November 7, 2011 Piero Overmars pleads for more diversity in bank teams at all levels.

f. Introduce Islamic banking, or comparable innovations

The bank then becomes an investor with profit-related returns, instead of a risk-avoiding lender. The property structure is then somewhere between stocks and bonds, for instance profit-related bonds (see box).

Islamic Banking

Islamic banking has been around for centuries in large parts of the world, but has recently begun experiencing a resurgence in emerging economies like Malaysia, Indonesia and the Gulf States. It is based on a system of norms. Sharia Law is the guide for all functions and activities inside the system and states that transactions must be free of interest. Islamic banks are also not allowed to participate in economic activities that are unethical or considered incompatible with Sharia Law, such as activities related to alcohol production and consumption, prostitution, weapons, pork production and consumption, or environmental pollution. In addition to the economic and financial aspects of transactions, Islamic banking also focuses on the ethical, moral, social and religious dimensions, in order to promote equality and create advantages for society as a whole. Islamic banking aims to contribute to social-economic goals and creating a just society.

In practice this difference between 'Western' banking and Islamic banking is in the financial tools they use. The products of 'Western' banks are usually rent-bearing mechanisms (such as loans), whereby the provider is ensured of certain rental income set in advance and guaranteed repayment. Islamic financial tools are, in contrast, based on a trade contract, underpinned by tangible goods or financing with risk-sharing. Islam views loans as charity: they are therefore never based on interest payments, but on profit and loss sharing. The repayment of the capital sum is not guaranteed, but based on a division of realised profits set in advance. That is always linked to liability and risks. An Islamic bank is therefore co-responsible for the project.

Source: Ming Janssen

Tighten regulations and raise government influence on the money system

To enhance regulation and government influence on the financial sector the following actions could be undertaken:

a. Split consumer and investment banks

At the moment the tax payer (society) pays the price of risky investments of banks' investment banking component, whilst they do not have a social function. By splitting banks, consumer banks can be saved and investment banks do not have to be saved. At the Sustainable Finance Lab of October 31, 2011 Harald Bennink countered that the big bank crises of recent decades were caused by bubbles in housing mortgages, a product that would fall under a consumer bank. However, these crises were, as explained earlier on, caused by credit that was too easy to obtain.

b. Develop tighter European competition rules for banks

As with other businesses you can ensure that banks do not grow so large that they could endanger the stability of the economic system.

c. Impose a tax on financial transactions (Tobin Tax)

This will make short-term capital flows (“hot money”) more expensive. Its practical feasibility first has to be researched well. You could start with an experiment in a single market, for instance futures in the Dutch green sector. To date the conclusion has been that it is not feasible, but these are mainly conclusions of theoretical experts. Strong political leadership is required in order to introduce the tax successfully.

d. Raise banks’ capital reserves

Get banks to hold on to more cash for every amount of money they lend. They now have 6% to 7% capital reserves in cash for absorbing defaults and for paying people withdrawing their savings. This percentage could be raised to 15%, or even 30%. The opinions on this solution differ. Are you creating real stability? Or is it fake security, idle money in the system or a temporary treatment of symptoms? From this viewpoint more financial reserves imply more money lying around idle inside computer systems, making the system unaffordable.

e. Place all money-creating rights with an independent organ (not banks)

Let an independent body decide on how much money to circulate in the economy. This body is then the only one allowed to create new money. It is important that this body works without being subject to political influence, but does account to government and society. Decision-making must be transparent and options for money volumes must be made public. The ‘optimal gear’ for the economy, aligned with growth in the real economy, then determines the money volume brought into circulation. Banks will, just like most enterprises, have to buy the input (money) for their services from this central body, instead of making money for free. By charging for acquiring money, you immediately create a new source of government revenue. This was in fact the case in 19th century England, although this income source later disappeared.

Know the impact of your financial decisions and make a conscious choice for that

“In itself money does nothing. It has no urges, no traits, and no attraction. Like bookshelves or dandelions. It is what WE believe it is, what WE decide it does, and how WE use it that creates the urges, the traits, and the attraction.” - SARAH DENIE

By making the destination of money more transparent and choosing consciously for it, we can take investment decisions based on more than mere risk or return. Involvement in the design, regional investments or idealistic goals can be included in investment decisions. Although each of us still decides on his or her own spending, people will in any case be aware of the effect it has. It is no solution for people deciding on the basis of self-interest for the lowest price or the highest return, indifferent to the impact of their

decision; but it is to the critical or aware consumer and investor. How can we enhance this effect to the maximum? Below we list several suggestions for realising this.

a. Introduce transparency obligations for financial institutions and the government

Banks should be obliged to let people choose, or in any case to inform them, where their money is invested. Should a bank, for instance, want to invest in controversial oil drilling in Alaska, it should find people who would want to invest in that, or at least would not object to it. In due course, banks' investment priorities will begin to reflect society's general priorities. Transparency will increase the sustainability and reduce the risks (if the saver also bears part of the risk). Triodos Bank is a frontrunner in this. On the site www.mijngeldgaatgoed.nl the saver is provided insight into the businesses borrowing his or her money. Crowdfunding is an innovation tapping into the desire for aware and transparent money investments (see box).

Crowdfunding creates transparency and provides accountability

Crowdfunding (or crowd-investing) is an innovation at the heart of financial services. In crowdfunding small amounts of money are collected online with a big group of interested investors for a project, initiative or business. These 'mini-investors' have a bigger drive than profit-making. They want to raise money for realising the project concerned. In some cases it is only about the money's impact (such as with development projects at www.eenprocentclub.nl). In other cases investors do get something in return, such as a CD or theatre vouchers at www.voordekunst.nl or profit-sharing when the business is successful at www.symbid.nl.

Returning to the human scale plays an important role in these developments. With crowdfunding the investor knows what his or her money is doing. Investors become engaged with the results and aware of the influence that they have, even when investing only € 10. For the entrepreneur or project owner it also means that they know where the money invested in the business is coming from. A sense of mutual responsibility arises, which has a face. Therefore, the value chain of money is shortened. This new development of crowdfunding (since 2005 in the charity sector and in the form of loans, and since 2010 as investments) is, among others, driven by the call for more transparency and the development of online payments and social networks. Large international crowdfunding platforms can be found at: www.kickstarter.com and www.kiva.org.

This thinking can also be applied to government and pensions. We still have some influence on how government spends our money, by voting for the political party best suited for our social priorities. However, here too we do not know where government money is invested before it is being spent (i.e. while deposited in a bank). This is also true of our pensions. By gaining insight in how our pension monies are invested and actively steering this decision we can help shape our future society. Foundation O.O (www.nulpuntnul.nl),

for instance, encourages conscious investment of our pension money.

Returning to a more human scale with regard to financial products can also be done by limiting them to smaller communities. The Dutch 'Broodfonds' does this through insurances for independent entrepreneurs (see box).

The 'Broodfonds' brings insurance schemes back to the human scale

The 'Broodfonds' is meant for small enterprises that join in groups of twenty to cover the risk of labour disability via the 'mutuality principle'. This means that each participant of a 'Broodfonds' Group makes a monthly contribution (e.g. € 45) to the shared 'Broodfonds' Account. When someone in the group is not making an income due to illness or labour disability, he receives a donation from the other members after a fortnight (e.g. € 1,000 a month). The height of the monthly contribution and the pertaining donation in the case of illness or labour disability are set by the participants themselves and depend on their net business profits and income.

The groups are formed based on the participants' network and social circles to ensure that a sense of trust exists within the group. This avoids the need to check up on people when they are ill or disabled for work, and prevents abuse of the system. Besides, it is much cheaper and more transparent than existing insurance schemes. The money you save together gets a clear destination and is not subjected to a profit motive. Through co-operation in a small and transparent community people can share risks. For more information see: www.broodfonds.nl.

b. Make value chains transparent permitting (more) conscious consumer spending

In other words: know where the product is from, how it is made, if fair prices are paid to the persons adding value in this process, and know the environmental impact. This can be done by buying locally (keep the chain short and close) and by using clear trade certificates, such as Max Havelaar. New technologies also give us insights into the entire production chains, by scanning a product's QR code with your smartphone. Last year this was already made possible for salmon products in Norwegian supermarkets.

c. Design value chains vertically, in line with the co-operation principle

This demands breaking through the current horizontal union of forces, in which power is concentrated with consumer or labour organisations advocating their own interests. A vertical value chain delivers democratic price formation based on consumers' willingness to pay. In addition, this offers opportunities for aligning production levels with real needs and real production capacities (labour and raw materials). Examples of value chains organised in this manner are Sekem in Egypt and Odin's Estafette chain in the Netherlands.

Reduce interest rates, to zero or below

In order to promote a sustainable handling of money, banks should impose a low or even negative interest rate on money. In the case of a lower or negative interest rate, products and services with intrinsic value, such as natural capital or raw materials, become more interesting. It is more attractive to manage these products and services well than to save money. Proponents of complementary money systems, often interest free, posit that sustainable behaviour is encouraged automatically, because people still want to save for the future. Governments should give the right example by imposing a social (low) interest rate instead of the current private interest rate. The role of money as a means of exchange is then enhanced over its role as a means of hoarding. The speed of circulation of money would rise, permitting more transactions with the same amount of money. You can see this effect in countries with high inflation: when it is not useful to save money people spend it as quickly as possible on sustainable values (such as a new floor on the house). The thought experiments of Barataria presents this effect of negative interest (see box)

The experiments of Barataria and the effect of (negative) interest

Silvio Gesell's book 'The truths revealing economic experiments of Barataria, or, The perplexed Marxian socialist' presents a thought experiment on how different kinds of money are used on the isolated island Barataria, and how these types of money influence human behaviour.

The story begins with a communist economy on an island where people do not feel sufficiently responsible for their actions. That is why property rights are introduced. Because this requires a means of exchange, potatoes are used as standard for paper money. But the potatoes rot. A particular kind of nut is then introduced as means of exchange because they are scarce and have no intrinsic value. The nuts only depreciate in value, because they lose part of their weight to evaporation. This trait ensures their quick circulation in a society. People are buying and storing other (sustainable) goods, to still be able to save.

Things go well until someone discovers that the nuts can also function as a means of saving. The nuts' value is no longer measured in terms of weight, but in terms of volume. This prevents the gradual loss of value of the nuts, and makes them more attractive as a savings tool. This has big consequences: the stock of sustainable goods is exchanged for nuts, leading to a shortage of nuts.

A business then has access to a reserve of nuts, and uses it to start buying seedlings off citizens. This increases their power on the island. The price of seedlings rises to new heights and citizens go into debts with this business. Before they realise it, everything is owned by the business and citizens only have debts and empty storage rooms.

This story illustrates the impact of negative interest (nuts with declining weight) versus no interest (nuts with constant volume) on people's spending. Negative interest rates induce people to spend as much as possible. Everybody has a job, even the village fool, and money circulates fast in this society. People save useful products that have their own sustainable value. In the case of no (negative) interest people start saving nuts, employment falls, as does the circulation speed of money, and debts are stacked one on top of the other.

There is a different argument in favour of a lower or negative rate of interest. By not bringing money into circulation (by keeping it under the mattress) money, and thus investment opportunities, is withdrawn from the economy. When no extra money is printed this gives rise to deflation. To stop deflation from affecting society the saver should really be paying interest on the savings he is not spending. This is of course compensated when the saver deposits his money with a bank, which invests it in the right way. In this perspective, the final interest is calculated based on the 'minus' of withdrawing money and the 'plus' of making money available for investments. This leads to lower interest and thus to a more limited growth in money volume. That growth, however, is sufficient for making new investments and value additions possible.

In addition, interest can be bad for the value of investment goods, such as machines, buildings or land. The prices of these goods rise when interest falls, because the investment decisions weigh interest as a cost item and threshold.

The idea of interest-free banking is not new. In addition to the earlier mentioned Islamic banking, the Blije Bank (Happy Bank) is a recent example of a Dutch bank developing in this direction (www.deblijebank.nl). JAK Bank in Sweden has been working in this way since 1970 (see box).

JAK Bank in Sweden

JAK Medlemsbank (JAK Members' Bank) in Sweden considers the concept of interest as unethical and therefore works with an interest free savings and lending system, focussed on a fair and sustainable society and on stimulating the local economy. Since 1970 JAK Bank has grown into a co-operative bank with 38,000 members who decide on the bank's policies and strategies. The members elect a Board of Governors, none of whom is allowed to own more than a single stock in the bank. As is the case with Islamic banks, JAK Bank's savings and lending system is free of interest. The loans are funded from members' savings deposits, without interference from the capital market. It is currently working on a points system: earn points as you save. These points are then used to obtain the next loan. For more information see: www.jak.se.

As is the case with the problem analysis of interest, this is not a solution on which everybody agrees. To take value into the future (our pension and for future generations) is a right people do not want to let go of just like that. The question is if everybody is in fact able and willing to spend their money on sustainable products. Some experts argue that a low or negative interest would not solve the problem of excessive consumption of raw materials and pressures on the environment, but could even exacerbate them. In their view we would need a high rate of interest, making money less easily available and making us more aware of what we spend it on.

Return diversity to our money system by means of complementary money

Complementary money systems, also called community currencies, can be used alongside the current money system in order to realise specific social or commercial goals inside communities or sectors. They bestow value on 'surplus capacities' in society, such as the unused labour and knowledge of unemployed people, and make them tradable. Complementary money systems in fact form semi-closed economies, focussed on particular target groups, sectors or regions. As a result they also act as binding agents in communities. Because no (or negative) interest is generally charged on complementary money, the hoarding of money is discouraged, it circulates faster and there is no urge to grow.

Complementary money systems can be roughly divided into six categories:

a. Voucher Money – This is an emergency money system from the 1930s, based on Silvio Gesell's thinking (see box on Barataria's experiments). The money loses value when it is not spent quickly enough. This prevents the hoarding of money and encourages investments in sustainable products.

b. Local Exchange Trading Systems (LETS) – LETS is a social mutual credit system organised by volunteers and without a profit motive. It is meant to strengthen the local economy and focusses on people otherwise excluded from the money system, such as the elderly and disabled. The members themselves create the units.

c. Time Banks – Time Banks are particularly focussed on promoting social cohesion by means of converting unpaid (voluntary) work into a valuable good. Giving time-points to volunteers, for instance for every hour of care they provide in the community, social capital in a community can be increased. This offers opportunities for the unemployed and retired. Due to the ageing of the population, time banks are already popular in the healthcare sector, especially in Japan, but the Netherlands is also working on it (see box: Caire).

d. Barters – Modern Barters are a private initiative for strengthening businesses without government help. They are online trading platforms or bookkeeping systems with profit

motives, whereby the trading is in business-to-business trade credits. They are interest free, but transaction costs are charged. Commercial Barterers (like the WIR in Switzerland) focus on small and medium-sized businesses and function regionally, so money is not 'filtered away'. Corporate Barterers focus on large businesses.

e. Regional Money – Money that can only be used within the region, such as the Brixton Pound in the UK, ensures that local economies (in particular regions experiencing retrenchment, or development regions) are better served and money does not flow out. The special regional money can be exchanged for conventional money at a charge.

f. Commercial Credit Circuits (C3) – This is a business-to-business complementary coinage, meant to increase the liquidity position of small and medium-sized enterprises. A local online platform is created where small and medium-sized enterprises can trade without first having to wait for their money.

ICT developments, such as social media and related online community creation, have spurred the growth in complementary money systems. Also considering the bottlenecks in the current financial system, the time should be ripe for community currencies to flourish. The chance of success is enhanced when governments create space for these kinds of initiatives by linking them to an innovation agenda, and when banks are involved as partners. Complementary money systems must also comply with basic requirements, such as a good legal structure, secure payment systems, consumer protection and privacy legislation.

Not everybody considers complementary money to be a solution, or only for part of the problems. Complementary currencies linked to conventional currencies are only useful in times of limited credit extension by banks, or high rates of interests. Critics also say that they do not prevent the further destruction of ecological value due to excessive and unsustainable consumption.

Caire

Caire is a complementary, non-monetary system of exchange developed by PGGM. It means that citizens help each other in exchange for a small reward (one hour of care-related services = one Caire credit). You can save these hours until you need care, or give it away to someone in need of care. Caire offers opportunities for current and future generations to provide better in basic healthcare needs without being troubled by aspects of money, such as inflation. The use of a value determination system stimulates participation and loyalty.

The increasing ageing of society does not mean more money is needed, but that more care is needed. In a system where people can give each other more care more easily, more social capital and more real value are created. This is worth more than 1% additional returns from pension investments. It will reduce the need for professional care by creating a better care structure in people's homes in an affordable manner. The basic conditions for making Caire into a success are: trust in the system of value determination, local support-base, good co-operation between the various stakeholders, and exchange between different (existing) sub-systems. Online communication platforms and social media can play an important role by bringing people in touch with each other and thus to provide better care. For more information go to: www.caire.nu.

Create credit-money instead of debt-money

A form of complementary money is 'credit-money'. It is similar to time banking. When you work somewhere for an hour and it is registered, you have built up credit. This also happens when you sell something. By building a credit you create half a transaction, i.e. money. When this credit is then used the transaction is completed. Unless it is spent on an exchange transaction, the process then continues. Because credit-money is backed up by the value of the transaction as basis of creation, from a democratic perspective it is the best imaginable system.

In the debt-money system money is mainly created by extending loans, with or without collateral. They are usual decisions on capital, ahead of (and thus out of sync with) the economic process. As a result the money volume is either too big or too small, working either as a brake or a stimulant, but unable to find a balance. It is therefore necessary to regulate debt-money and provide it with a value standard. A system of credit-money self-regulates, is accountable and will not take excessive proportions of its own unlike debt-money.

Provided it is well-organised, a credit-money system can grow into a fully fledged universal money system, in which different systems work together. That would be ideal for the development and prosperity of regions or communities, such as areas undergoing retrenchment. It also has favourable effects when austerity measures are imposed by the higher authorities. It allows the lower authorities to switch part of their activities to a local credit-money system.

Source: Joseph van Keulen

Reconnect the money system to real value

“Only when the last tree is cut, the last river is polluted and the last fish is caught, we will discover that we can’t eat money.” – INDIAN PROVERB

We must reconnect money and real value. We can do this by filling a basket of goods people really consider valuable (energy, food, raw materials) and use that as underlying value for all money in circulation. In this way we know for sure that our money has the value we ascribe to it, because there is no more money than the underlying value (in contrast to the current state). That requires a complicated transitional phase when the purchasing power of our money will probably fall, because there is so much more money than the underlying value.

The reverse also happens. Movements already exist that try to express all kinds of values appropriately in money terms. Because we are getting more and more aware that we need the Earth in order to reproduce, the Earth and the environment have a user-value. The TEEB Movement attaches a price-tag and expresses biodiversity and the environment in terms of money, so as to be able to grant equal rights in our dominant economic system. World Connectors is doing a test with the real value of supermarket products.

Another system that expresses all values in money terms is TEV (Total Economic Value), as counterweight to NPV (Net Present Value, a calculation converting future financial values to the present). TEV not only considers financial values, but also environmental and social values. Once these values are included in the costs, one will suddenly pay a totally different price for consumer products.

The ‘surplus’ money created in the financial economy can be used to protect real value and be allowed to grow in the form of nature, raw materials and development of sustainable energy sources. A precondition, though, is that the majority must believe in this money system.

Another system that is being developed is the Full Economic Spectrum Map: an integrated bookkeeping system of all labour, raw materials, CO₂ and money, leaving nothing that belongs in the books to fall between the cracks. When you are able to record components of the economy, you can make choices holistically and focus on long-term effects. A dietician could, for instance, be paid from costs saved by preventing obesity and diabetes.

This approach is relatively new and also creates its own (start-up) problems. The idea has yet to be translated to the ongoing practice. According to some it is not at all a good method of holding on to natural capital, but possibly unavoidable as long as decision-making is mainly about financial values. It is still important that the problems around money are dealt with after all, because the danger exists that it contaminates environmental policy.

We must also take into account a possible crowding out effect. In that case the norms of environmental protection could be suppressed by money, and even lead to conflicts, because a very diverse set of parties would then want to participate.

Appreciate real value, instead of money

“You don’t save by saving money, but by saving the Earth.” – WIM GIELINGH

A different solution is an approach that is opposite to the previous one. Instead of monetising everything, we view value differently. When you start saving or investing in sustainable items of value to your continued existence (such as a house, arable land, or relations with people who will later look after your care needs), your (saving) behaviour then becomes more sustainable on its own. When you save money there is always uncertainty about the value of that money in the future. This thinking is the basis for Real Capital.

The concept of Real Capital was developed by W.F. Gielingh (wf@gielingh.nl) and is aimed at developing cyclical funds containing real values, such as raw materials, labour and energy. Because they are part of the fund, their destruction is equivalent to capital destruction. The stockholders and managers of such a fund have high stakes in maintaining the real values as well as they can and for as long as possible. Sustainability is thus also rewarded in the financial sense.

The first application of Real Capital is related to the construction and management of so-called ‘living buildings’, buildings made up of demountable, reusable construction elements, which can be adapted to changing users’ wishes. The ‘living buildings’ will be trans-functional in many cases, such as a hospital that can be turned into a hotel, or a block of flats. The physical buildings remain property of the provider. He only makes them available for use, and provides maintenance, management, heating and air conditioning. In this manner he or she can steer to achieve the most favourable relationship between users’ value and the total cost of ownership.

The Real Capital fund model applies a form of funding that makes the generation of sustainable energy attractive from day one. Most buildings built this way will therefore be energy neutral. The reuse of components will also considerably reduce the energy consumption in producing building materials – normally very high with a substantial contribution to global CO₂ emissions.

The special aspect of this new fund model is that it offers investors an attractive, inflation-proof and virtually risk-free return, especially in the long term. The fund’s value is real and does not contain speculative elements. Besides, the accommodation costs will fall substantially for users.

Every fund realised with Real Capital contains a complete value chain of which only the immaterial end-value is offered to users. All material resources continue to be part of the fund. In fact, each fund forms its own circular economy at the micro-scale. By creating more funds based on this model, we can consistently make components of the global economic system more sustainable.

Another way of letting real value prevail over money is to return to relationships based on reciprocity, trust and solidarity. This still works for some primitive societies that function without money. One Economy Transformer also succeeded to have money be replaced by trust in our Western society (see box).

Finally the delinking of labour and income has been mentioned as a solution. This would create entirely different dynamics between money and value in our society.

Living beyond money

'StraatKim', artist by profession, has delinked everything of value in his life from the money system. He got so fed up with the money system that he decided to opt out. This is a pretty radical choice, but concrete proof that value is different from money. The value circulating in his life has only grown since.

StraatKim considers it ridiculous that a small group in society is allowed to decide over people's prosperity. That is why he has been living outside the money system for over two years. He has no bank account, no insurance or fixed address, and no longer pays taxes. He works on a project basis. Until recently he worked at a school in North Amsterdam, where he was paid in living space and meals. By investing in relationships with people in his surroundings and sharing his ideas with others, he has built a network of people supporting him and offering help where necessary. He sees trust as his new form of income. At the moment he is working as an artist at the FMO in The Hague, where he and the staff are working on a piece of art symbolising FMO's future. He is being paid in the form of a flight to Ghana, where he is going to organise art projects for street children.

Let new images of money and value emerge

"We must change our attitude towards money. If we don't, we'll be stuck with the same problem." - STRAATKIM

Creating new education and new images to which people can refer, we learn to look differently at the role of money in our society. At the moment economic science is based on people as egocentric beings. Courses in finance teach us to make choices based on profit forecasts. By letting new images of our society emerge in science and the media we can appeal to people, as consumer, economist or citizen. As a result, people themselves

can think harder about their money decisions. They emerge from their role as victim and become more aware of whom they are and of the influence they have. This requires the following:

a. Ensure scientific renewal in the economic and financial sciences

The long term, ecological value and a better understanding of the money system and human behaviour (also in the past) must take centre stage. Research should be done, for instance, on the optimal 'velocity' of the economy. This knowledge could then be used to determine and regulate the money volume. Or examine how to best internalise nature in economic models.

b. Create new education innovations to teach the next generation of economists, financial experts and business experts to think differently about their role in society

Educate and train bankers in positive stimulation measures and in ethics in the banking profession. They will then be able to function in the benefit of society and the environment. Teach bankers to view risk-taking and management policies differently. Green projects have a different structure in terms of earning back your investment; bankers must learn to deal with that. New financial constructions will also be necessary for the sustainable exploitation of natural resources.

Several initiatives aimed at this already exist, such as the Spring Project and the SEAL Institute founded by Sander Tideman at Nijenrode University. The Duisenberg School of Finance also has plans to develop programmes to this end.

c. Ensure that the media reports with more knowledge of the subject about developments in our money system

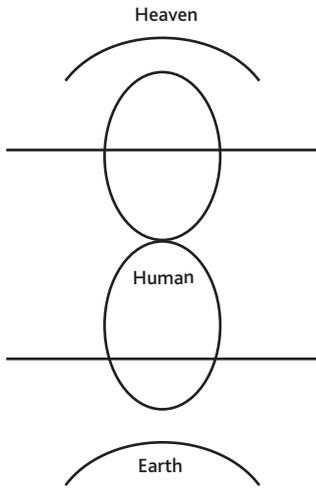
The media must be better informed about the way the money system works. They are after all crucial in creating new images. Leave it to anchors and leaders of society to communicate these new images, stimulate solidarity (e.g. through voluntary work) and revive the debate about norms and values.

Distinguish between different kinds of money

Jan Saal has developed a new 'image of money', whereby he distinguishes between different kinds of money based on their application. In the same money system you will be looking differently at money, depending on its function in society. Take a litre of liquid: the measure remains the same, but the content changes constantly. As a human being it is you who gives meaning to money. Regard it as a tool for expressing, understanding and stimulating reciprocity.

- **Gift Money.** You give to express an intention. What does this person stand for? Is this the development I want to support? Gift money is about consuming value. In bookkeeping terms, it is classified as equity, because it is available for gifts.
- **Loan Money.** Who has the debt? Is the person or country capable of paying back the money (e.g. Greece)? Where is the money being invested, and what is it producing? Loan money is about transferring value to enterprising professionals. It is about risk, certainty and the reason for taking out a debt. The problem in the current crisis is loan money.
- **Purchasing Money.** The right balance between price, performance and reciprocity determines the transaction. Purchasing money creates value in a transaction. Banks turn purchasing money into loan money, and loan money into purchasing money, by lending it. The purchasing money is described in the profit and loss account.
- **Cash Money.** The authenticity of money matters here. It has yet to get an intrinsic value, for as long as it is not being used in a transaction. It is judged on availability, quantity and authenticity.

The borders between these different kinds of money and different 'stages of life' are often crossed in our current society. The balance must be maintained between, for instance, 'economic life' and 'natural life'. It is the responsibility of human beings as linking actors to bring and maintain equilibrium. In this case it could mean that a company makes a product and profit (good for the economy) and simultaneously handles the environment and raw materials well (good for natural capital). Considering one side too much will always disadvantage the other side, hence the need for balance. By taking into account the different stages of life, and the different kinds of money that belong to each segment of life (see graph), we become more aware of the impact our money and actions have on society as a whole.



Striving	Spiritual life	Value
Thinking	Cultural life	Gift money
Speaking	Legal life	Loan money
Living together		
Feeling		
Doing, acting	Economic life	Purchasing money
Being	Natural life	Cash money

CONCLUSION

"We are entering a system period where multiple truths coexist." – HARRY TE RIELE

This exploration has made it clear that a broad range of (sometimes contradictory) ideas, theories, practices and opinions about our current money system exist in the Economy Transformers network. Despite the use of key words like debt and interest that frequently came up in interviews, it has not yet been possible to arrive at an unambiguous conclusion or clear phasing of action for the future of our money system. We are looking at different levels for possible solutions to the problems in our money system. Some expect that the problems can be solved through tighter supervision of banks whilst holding on to our current money system. Others believe that complementary money systems must exist alongside the current money system to serve society better. And others consider expressing everything in terms of real value instead of money as the only solution. What everybody does share is the awareness that money must again be a form of expressing what is happening in the real economy.

In order to achieve change in our money system, it is important that many different initiatives can develop alongside others. Certainly in the current financial crisis it is a subject that appeals to all sectors of society. Diversity is of crucial importance in keeping the system healthy, and because it is not clear in advance what will work. To a certain point, a chaotic phase is essential for developing a relationship with a new way of thinking and acting. Supporting and embracing this multiplicity of options, whereby we will pioneer solutions is an important call to the reader. In order to make change possible it is also important that economists, bankers and consumers, among others, are aware of how our money system works and its consequences for society and the world as a whole.

In writing this paper we have already reached our goal in part: feed the debate around the money system. We have received a lot of feedback from different sides, from people who agreed or disagreed with certain statements. We have done our best to incorporate the great diversity in thinking in the Economy Transformers network in this paper, so the reader is challenged to decide for himself what he agrees with, or not. This paper could be used as input for scientific research, but is especially meant for people from all corners of society to take a critical look at our current money system. It is a first step in the phase of discovering how we together can change our money system.

After having read this exploration, are you stimulated to join us in thinking about and bringing about economic change? Then send an email to the Economy Transformers community (info@economytransformers.com).

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