

An Excerpt From

***Rethinking Money:  
How New Currencies Turn Scarcity into Prosperity***

by Bernard Lietaer and Jacqui Dunne  
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HOW  
NEW CURRENCIES  
TURN SCARCITY INTO  
PROSPERITY

# RETHINKING MONEY

Bernard Lietaer  
and  
Jacqui Dunne

Foreword by John Perkins,  
author of *Confessions of an Economic Hit Man*

## More praise for *Rethinking Money*

“You have no idea what money is. Read this book and find out how simply changing our money system will lead to a more sustainable and peaceful society.”

—**Jurriaan Kamp, Editor-in-Chief, *The Intelligent Optimist***

“Bernard Lietaer and Jacqui Dunne’s clear and potent voice tells the story of our distorted and dysfunctional money system and how we can finally free ourselves from it and find our way to the future we yearn for. This stunning book should be required reading for every person who wants a world that works and a sustainable future for all of life.”

—**Lynne Twist, author of *The Soul of Money***

“*Rethinking Money* does a brilliant job of eradicating the concepts and stories that our economists and other professionals in the field hold dear. The authors write that ‘money is our last taboo,’ but they don’t recommend abolishing the fiat zeitgeist. Rather, they wisely call on the various new currencies and other monetary innovations to complement the existing system.”

—**Nigel Seale, former worldwide Chairman, Earth Day International, and founder of Earth Day Canada**

“*Rethinking Money* is required reading for anyone who is serious about transforming our current unsustainable economic system to one where people and planet can prosper. This is a brilliant analysis of our current monetary system and its pitfalls. More importantly, the authors strategize the way forward with solutions that not only rethink money but revalue human beings, long-term planning, and our planet.”

—**Georgia Kelly, Executive Director, Praxis Peace Institute**

“In the midst of the confusion created by today’s crises, there are few people who can provide viable solutions that not only serve our local communities but also address the global economy. Bernard Lietaer and Jacqui Dunne are such a brilliant force for good.”

—**Mariana Bozesan, PhD, integral investor and author of *The Making of a Consciousness Leader in Business***

“The mission of business—the mission of civilization—is to further the path of development that began in nature. We must develop a human ecosystem where we use less and have more. The monetary ecosystem proposed in *Rethinking Money* makes it possible and provides long-awaited solutions to the crises we face such as climate change, worldwide violence, and the chasm between rich and poor. This book is a must-read.”

—**Tachi Kiuchi, Chairman, E-Square Inc. and Future 500**

“The portrait of an emerging world where issues of lack, intolerance, degradation, and war are replaced by sustainable abundance and economic justice for all is balm for the soul. This shift is brought about, in large part, by *simply* rethinking money.”

—**Sherry Ruth Anderson, coauthor of *The Feminine Face of God***

“The authors have expertly revealed new distinctions in the monetary domain but without the usual economic explanations of dry theory and abstraction. This book is for anyone who wonders why the system is failing us and, perhaps more importantly, what to do about it.”

—**Julio Olalla, founder of Newfield Network and author of *From Knowledge to Wisdom***

“An instant classic! Lietaer and Dunne explain how and why our monetary system fails to put supply and demand together, subsidizes and promotes intolerable and unnecessary disparities of well-being, entrenches unearned privilege, undermines democracy, creates boom-and-bust cycles, and rewards unsustainable, destructive growth...Without undermining or vilifying all that money presently contributes, they provide a guided tour to an array of actual alternatives like time banking and complementary currencies to create a sustainable, more equitable monetary ecosystem.”

—**Edgar Cahn, creator of Time Dollars, founder of TimeBanks USA, and cofounder of the National Legal Services Program**

“Rather than just blaming somebody—dumb politicians, greedy corporations, and bankers—Lietaer and Dunne show us the real issue: a system and a technology that are just built on agreements. And they show how we can change them to fit our real needs, live well, and save the planet in the process.”

—**Paul H. Ray, PhD, coauthor of *The Cultural Creatives***

“In a time in which money has become a form of madness, this remarkable book offers profound understanding and guidance to the creation of a monetary ecosystem that can build both a better self and a better world. The rethinking of money is one of the most important things we have to do, and the authors succeed brilliantly.”

—**Jean Houston, PhD, author of *Jump Time* and *A Passion for the Possible***

“New currency systems will not solve *all* the problems generated by physical growth on a finite planet. But we will have zero chance of creating a more satisfactory global future if we do not create new mechanisms for facilitating commerce. *Rethinking Money* is an incredibly practical and inspiring guide for how we could do that.”

—**Dennis L. Meadows, coauthor of *The Limits to Growth***

“The new understanding this book offers is critical because economics has become the dominant—and increasingly only—discipline with which important decisions are being made. This is a must-read for anyone who wants to be part of the timely conversation on how to move forward to create the just, sustainable, and equitable world we all desire.”

—**Thom Hartmann, internationally syndicated talk show host and author of twenty-four books**

“Lietaer and Dunne describe the many thousands of innovative currencies in use by communities worldwide and how these currencies are facilitating the needed transition of human societies to more peaceful, sharing, prosperous, and sustainable futures.”

—**Hazel Henderson, President, Ethical Markets Media (USA and Brazil), and author of *Ethical Markets*, *Planetary Citizenship*, and *Building a Win-Win-World***

RETHINKING  
MONEY

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NEW CURRENCIES  
TURN SCARCITY INTO  
PROSPERITY**

Bernard Lietaer  
and  
Jacqui Dunne



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# Rethinking Money

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*To all the monetary innovators  
and pioneers who've been dreaming  
and working for a better world*

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# FOREWORD

*John Perkins,*  
*author of Confessions of an Economic Hit Man*

We have entered revolutionary times.

People across the globe have lost faith in the ability of government and business leaders to resolve the problems facing humanity. The global economic depression has shattered the lives of Andean peasants, African fishermen, corporate executives, and the average household alike. Despite claims that the current economic malaise is ending, the general public remains unconvinced, suspicious, and shaken. The promised “recovery” is uneven and uncertain; monumental issues still remain to be resolved.

In our cash-strapped economy, privatization is proffered as a solution for many of our financial woes. The fire sale is so intense that we cannot be faulted for thinking that there is a *going out of business* sign over the doors of governments on every continent.

Officials at all levels are hocking whatever they can—roads, bridges, national monuments, prisons, and even water—to stave off what seems like inevitable bankruptcy. Furthermore, and perhaps most disconcertingly, the very foundations of our social contract, the institutions we once believed would always be honored such as educational and social services, are gutted and sold to private companies. Today, the U.S. taxpayer supports more privately owned soldiers in Afghanistan

than members of our national military. Although the public is told that these solutions are more efficient, the fact is they are usually more costly in the long run. Government ownership of these sectors has served us extremely well. Against this emerging social and economic backdrop, part of the agenda of the *Economic Hit Man* that unfortunately worked so well in other parts of the world, taking advantage of developing countries to enslave them with indebtedness to international financial institutions, has come home to roost in what is referred to as the “developed world,” including the United States.

Circumstances like these generate revolutions. The Agricultural Revolution. The Industrial Revolution. The American Revolution. We have entered such a time. Future historians, I believe, will define this as a Revolution in Consciousness. People around the world are waking up to the fact that a very few extremely wealthy individuals are enslaving the rest of us. The shackles take the form of the currencies and debt that are interwoven with global monetary systems.

*Rethinking Money: How New Currencies Turn Scarcity into Prosperity* shines a bright light on the problems. It exposes the fallacies of privatization, austerity, tax reform, banking legislation, stimulus packages, and so many other fancy-sounding strategies, and illuminates a path toward a sane and sustainable future. Writing for the layman, the authors explore a largely unexamined culprit—the monopoly of our centuries-old monetary system. They reveal its primary role in the current crisis. They then proceed to answer the essential question: What can we do about it? They illustrate how new currencies can resolve not only the inadequacies of regular money, but also how they can energize new behaviors and outcomes with incentives that will help create the world we fervently desire—for ourselves and future generations.

The monetary innovations described in these pages remove the creation of money from the hands of the banking system. The power returns to communities operating at different levels of society. This allows for the linkage of resources in a given locality to the unmet needs of that community. The ingenuity of the local population can be

galvanized; with their own money they are empowered to create the transformations they desire and need.

Surprisingly straightforward in their clarity and simplicity, Lietaer and Dunne point out that money is a human invention. Our current monetary system was designed some 300 years ago, during an era that knew nothing of natural limits and had a completely different set of objectives and priorities. It's a tool that should be serving us, rather than being our master. And since it is a man-made construct, it can be re-thought, re-imagined, and redesigned.

None of this is mere theory. The transformation of money and thus our culture and society is underway. This inspirational book chronicles stories of ordinary people and their communities solving critical problems by using new money systems in tandem with conventional ones. The stories range from addressing hunger to revitalizing neighborhoods, from the crisis of health care to creating work, from providing education for all to the building of sustainable networks.

This is a book that will strike a chord with readers eager to find meaningful, thought-provoking solutions that can be implemented right now—readers who want to take part in this new Revolution.



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## Introduction

# FROM SCARCITY TO PROSPERITY WITHIN A GENERATION

“On the morning after the Depression a man came to work, building a house, and the foreman said to him, ‘Sorry chum, you can’t work today. There ain’t no inches.’ The man said, ‘What do you mean there ain’t no inches? We got lumber, we got metal, we’ve even got tape measures.’ The foreman said, ‘The trouble with you is you don’t understand business. There are *no* inches. We have been using too many of them and there are not enough to go around.’”<sup>1</sup>

Like the foreman in this famous allegory about money, everyone is missing the point. Most of us fervently believe that our current financial woes and tribulations are occurring because there simply isn’t enough money to go around. From this limited vantage point, the usual solutions for scarcity are trotted out, such as austerity measures, cutbacks, and privatizations. The rhetoric on all sides of the political divide is stale and has grown cold, turning glacial and unmovable in its stance. Meanwhile, there is real suffering and anguish among ordinary people, and the rainwater in the streets’ gullies turns red with protesters’ blood.

It’s time to rethink money. And that’s what this book is about.

Money is to humans what water is to fish. Humanity exists in an unrelenting flurry of monetary transactions that seem as natural and inscrutable to us as how one might imagine a fish to understand its aqueous environment—it’s taken totally for granted. In the case of money, its

dynamics and distinctions are obfuscated or forgotten over time, and further complicated by the fact that the professionals in the field, economists, never actually define what money *is*; they just describe what it *does*: how it plays the role of a unit of account, a store of value, a medium of exchange.

At present, our unexamined money system perpetuates scarcity and breeds competition. Are you aware that money is created out of nothing, as bank debt? And how that particular process of creation breeds systematic competition among its users? Did you know that the prevailing money system generates several other harmful consequences, including short-termism, compulsory growth pressure, cyclical recessions, unrelenting concentration of wealth, and erosion of social and physical or natural capital? All these factors together create a wholly unsustainable financial structure that is, indeed, disintegrating.

So, how did we get here?

Modern money, the type we use today, was invented in a very different time with a different worldview and another set of priorities and challenges than we have today. Money is not a product of nature, something that grows on a tree and can be harvested. Rather, modern money is a human construct that was conceived and fashioned back in the 1700s in Europe and then evolved, first in England, to become the engine for the Industrial Revolution. Up until that point, the vast majority of people eked out meager existences, while real wealth was obtained mainly through the spoils of war or colonization, marriage or inheritance.

Through the emergence of modern central banking and its conventions during this time, it was possible to make money out of money. This gave birth to the new merchant and middle classes.

Soon money became the tool empires used in a global dash for assets in a world that didn't seem to lack for earth, water, air, and natural resources. A contrivance of competition, it pitted one against the other in a fabricated Darwinian contest of survival, reflecting and perpetuating the values and the *Zeitgeist* of that time.

This epoch produced remarkable advances, thrusting society out of the shackles of superstition and stagnant social order that had preceded it. It brought about the rigor of science founded in that which could be

proven, rather than divine dogma. It enabled the individual, no matter how lowly his birth, to scale the heights of his unbridled imagination and keen ambition through learning and labor.

The mercantile miracle over time became codified as a success story. Those who succeed are free to take their share of the profits after taxes, and those who suffer losses have to bear consequences such as humiliation, bankruptcy, and possible litigation. This has brought about unmatched attainment of wealth, facilitated through competitive markets and driven by a competitive financial system, which, in turn, has spurred on even greater striving for more innovation, ingenuity, and originality. This is the underpinning of the great American dream, which has been triumphantly exported to the rest of the world after the fall of the Berlin Wall and rise of the Iron Curtain. Today, for instance, China, India, Brazil, and Poland, with their meteoric growth and the rise of their own meritocracies, are prime examples.

That dream, however, has turned into a nightmare. We now have scientific proof that the monoculture of a single type of currency is a root cause of the repeated monetary and financial instabilities that have manifested throughout modern history. According to the International Monetary Fund, in the four decades between 1970 and 2010, there were no fewer than 145 banking crises, 208 monetary crashes, and 72 sovereign debt crises. This adds up to an astounding total of 425 systemic crises—an average of more than 10 countries in crises each and every year!<sup>2</sup>

One of the much touted remedies is the Chicago Plan. Essentially this would make bank-debt money illegal and government instead would issue a new currency. While this reform would eliminate the risk of bank crashes and sovereign debt crises, there would still be monetary crises.<sup>3</sup>

These stark statistics don't begin to tell the personal and individual stories of struggle and hardship. The extraordinary chasm that has emerged between the superwealthy and the expanding ranks of the working poor is demonstrated by the fact that the combined assets of the family that owns Wal-Mart equal those of America's bottom 150 million people.<sup>4</sup>

All of this begs the question, “Why do we not examine our money system?” Throughout the history of our world, with all its wars, political upheavals, and periods of civil unrest, and with the emergence of political models including capitalism, socialism, and communism in all their variations and adaptations, still the money system was left unexamined. The portraits on or colors of the paper bills may have changed, but the fundamentals of its core structure have not.

The answer is this: Money is the last great taboo. The topic of sex was opened up in the 1960s and 1970s, and death and dying during the AIDS pandemic and natural disasters of the 1980s and 1990s. But the subject of money is still shrouded in darkness, assumed by many to be untouchable.

An even deeper obstacle to examining our system of money resides in the recesses of our collective psyche: We are motivated both by a fear of scarcity and by greed. Fear of scarcity often carries with it a tendency to avoid facing the reality of our finances, and greed brings an obsessive focus on money. The conflict between these two forces leads to a state of approach-avoidance in relation to money—an inner struggle that further exacerbates the trickiness of the inquiry. Money itself becomes highly emotionally charged.

Ironically, financial markets portray themselves as bastions of cool rationalism. Although economists frequently present their work as neutral, objective, and based on irrefutable science, sometimes crucial underlying epistemological or conceptual orientations and presuppositions remain unstated and are thereby kept shrouded from view.

As we begin to lift the shroud in this book, we will see that it’s not the structure of the economy or the hue of the political solution, per se, that are the *real* problems. The real problems are money and the monetary system itself, and not in the way one might first suspect. We will see that since money is a human invention, it can be changed. We’ll see that there is not only another way, but a multiplicity of ways, to rethink money. And we’ll learn that already a quiet evolution is underway, in which people and their communities are helping themselves through a new understanding of money.

Currently, in thousands of communities globally, there are networks of businesses that span a country or a continent and groups of netizens who are reassessing and reengineering money with astonishing results. Individuals, entrepreneurs, businesses, communities, and governments in many countries around the world have already created new cooperative money systems that link unmet needs with resources that remain unused by the dominant competitive currency of each country. These new strategies do not replace the conventional monetary systems but rather work in tandem, shifting the predominant features of scarcity and hypercompetitiveness to ones that provide new options and additional resources for everyone.

Regular people have discovered not only that it is possible to create money in sufficiency for their needs but also that it is simultaneously possible to build their societies with greater cooperation, care, and collaboration. In other words, they are proving not only that it is possible to redesign money but also that doing so fosters very different and highly desirable outcomes.

In fact, the past 30 years has seen a tremendous growth of cooperative currencies around the world—from fewer than a handful in 1980 to more than 4,000 today. These cooperative currencies are often called *complementary currencies*. Examples include *community or local currencies* such as *time dollars* in the United States, long-established *business-to-business* systems like the *WIR* in Switzerland, and newer currencies like the *regio* and the *terra*. There is also a huge potential for more scalable cooperative currencies. In other words, the emergent cooperative currency movement now has behind it enough proven successes to grow up and start tackling the core challenges of the 21st century.

This book provides the road map for this to happen. You will read real-world stories of ordinary people making an extraordinary difference by pulling themselves up by their own boot straps. There are reports of communities going from high unemployment, despair, and high crime rates to self-sufficiency, mutual support, and sustainable abundance. In these pages, businesses, communities, and governments, as

well as individual citizens and entrepreneurs, will find actions that they can take right now to create currencies that connect unused resources to unmet needs, moving their participants from scarcity to sufficiency.

This new approach makes possible a potentially radical transubstantiation, a profound shift from a postindustrial era to an Age of Wisdom. Perhaps even a Diamond Age of unprecedented technological breakthroughs may emerge, where the universe becomes malleable in our hands with unparalleled and exceptional advances.

The book is divided into three sections: Part One, *Scarcity*, comprises the first three chapters. This part unfurls the strands of money's DNA, explaining how each constituent component impacts everyone in some very surprising, sometimes devastating, ways. These chapters also show how it is now possible to tweak and make changes to the money system that result in a completely different set of outcomes. It is written in lay terms to give the reader a better understanding of what's really going on with the financial meltdown. This will enable greater discourse and debate and, hopefully, grounded action.

*Prosperity*, the second part, Chapters 4 through 9, chronicles the pioneers and implementers of cooperative currencies both in the United States and abroad. It reports on their stories of inspiration and transformation under the categories of banking, entrepreneurship, government and NGOs, and we, the citizens.

The third and final part of the book, titled *Rethinking Money*, projects into an available future and shows how a truly cooperative society would function with both competitive and cooperative currencies working in tandem. It then reaches back into recent history and reveals the lessons learned from modern history and how various missteps can be avoided now. With the vital lessons from the past and a clear vision of a desired future, you and your community, whatever its size or structure, can become empowered and grow prosperous.

This book will take you on a journey into some rather unexpected areas. The value of exploring this uncharted territory, usually not associated with finance and money, is to give you insight, by packing

your imaginary knapsack with new monetary tools and additional knowledge. When we get to the end of the journey, like reaching the top of a mountain, you can take in the 360-degree vista and see the financial system through a new understanding. From there, it is possible to realize that there is another way, in fact, thousands of other ways to escape the existing financial morass.

So rather than saying, as in the opening story, that there aren't enough inches to build the world we want for ourselves and our children, we could, equipped with a new understanding, create new currencies that link unused resources with unmet needs. We could build vibrant communities. Not only can we attain sufficiency but also we can reach the inherent human goals of cooperation, community, and even contentment. New cooperative currencies would stimulate learning and entrepreneurship. New ideas for banking would create cooperative housing loans and financial support for emergent technologies and businesses. These are constructs that support local businesses, creating prosperity in local communities.

So, let's buckle our safety belts and hang on for an unusual ride.



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# PART ONE

# SCARCITY

**M**ost of us assume that there is only one type of money possible, even imaginable: dollars for Americans; pounds for the English, Welsh, Scots and Northern Irish; pesos for the Mexicans; yen for the Japanese; and so on. Furthermore, most believe that such currencies are simply a medium of exchange, facilitating transactions that would otherwise take place less efficiently, through barter or other forms of exchange. Thus, money is assumed to be *value neutral*, not affecting the type of exchanges made, the kind of relationships among its users, or the time horizon of investments. In this book, we will explore all of these hidden assumptions and show them to be invalid.

We will see that the process by which money is actually created, through bank debt, is wrapped in a veil that even many economists, the experts in the field, haven't seen through. As a result, we are largely oblivious to the devastating consequences of our limitations regarding money, as well as the vast human potential it has failed.

Our current monetary system generates scarcity and competition. The rivalry and contest are so pervasive that we have become inured to its impact in our daily lives in all levels of society—even for those we imagine would have no problems, given the size of their bank accounts and portfolios.

We all suffer. And before something can be changed, it first needs to be understood.

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## Chapter One

# THE FAILURE OF MONEY

### The Competitive Society

*What need you, being come to sense,  
But fumble in a greasy till  
And add the halfpence to the pence  
And prayer to shivering prayer, until  
You have dried the marrow from the bone?*

WILLIAM BUTLER YEATS,  
Irish poet and Nobel laureate

It's a cold Tuesday morning, and already the line is forming outside the David Ellis Pawn Shop in the upscale neighborhood of Cherry Creek, Denver, bordering the foothills of the Colorado Rockies. It will be another 10 minutes before the doors open. A woman in a fur coat sits in her parked car with its license tags about to expire. She runs the engine to keep warm while others shuffle around in silence, dodging any direct eye contact.

Denver, the Mile High city, is one of the country's top 10 metropolitan areas where people are saddled with the highest levels of personal debt. This is a result of high housing prices, a steep cost of living, and a culture of spending—a hangover from better days.<sup>1</sup> The David Ellis Pawn Shop has been in business in the same location for over 25 years and during this time has seesawed through multiple financial highs

and lows. Trade, however, has never been so brisk or with such a dramatically broadened demographic as it is now.

This scramble for money is playing out globally in towns and rural areas alike. Record unemployment, or underemployment, has triggered a vicious cycle of lack of demand for goods and services that leads to more layoffs in key industries. The mood, to put it mildly, grows dark and defaults into despair, sometimes even abdication, as next steps are unclear.

In the history of the United States, this is the first time when the younger generation of people will be poorer and less educated than their parents.<sup>2</sup> In a country that claims to be one of the richest in the world, some 100 million people—one in three Americans—either lives in poverty or in the distressed zone hovering just above the official poverty threshold.<sup>3</sup> More than one in three Americans lived in households that received Medicaid, food stamps, or other means-based government assistance in mid-2010, according to an analysis of the 2010 census. And when Social Security, Medicare, and unemployment benefits are included, nearly half of the nation lived in a household that received a government check.<sup>4</sup>

According to the *New York Times*, “Demographically, they look more like ‘The Brady Bunch’ than ‘The Wire.’ Half live in households headed by a married couple; 49 percent live in the suburbs. Nearly half are non-Hispanic white, 18 percent are black, and 26 percent are Latino. Perhaps the most surprising finding is that 28 percent work full-time, year round. These estimates defy the stereotypes of low-income families.”<sup>5</sup>

The squeeze for cash has gotten more acute recently. Today, 80 percent of Americans report that they are living paycheck to paycheck. This is nearly double the figure in 2007, just before the banking crisis. One in five individuals earning over \$100,000 per year report that they, too, are living from month to month.<sup>6</sup> Savings are at an all-time low.<sup>7</sup> Consequently, the need for credit is on an upswing while banks are not lending.

The money system really isn't serving humanity. The world's population could hit 10 billion by 2050.<sup>8</sup> Money is too scarce for many of Earth's human inhabitants. Even those who have enough of it are obliged to deal with its vicissitudes: crashes, devaluations, inflation, whatever the financial crisis du jour may be.

As the stories of financial stress and uncertainty continue to play out in the United States and around the globe, there's plenty of blame to go around. We can point to rampant cronyism in government on all levels, slack or nonexistent enforcement of regulations, and good old-fashioned greed, from corporate avarice to the covetousness of innumerate plebs who got in over their heads in the real estate market.

Clearly, however, on the flip side of the coin, we do live in a world of unparalleled achievements, facilitated through competitive markets driven by a competitive financial system. The best and the brightest are rewarded at stratospheric levels, which in turn, has spurred on even greater striving for more innovation, ingenuity, and originality.

Yet, the commonly trotted-out explanations for all that ails the financial systems, or conversely what is working, just don't provide the complete picture. There is a yearning to put into language something that still remains elusive, lingering in the shadows of awareness just out of reach. It's that gnawing feeling in the pit of the stomach that something deeper is going on, something that can't quite be brought to consciousness, let alone expressed in words.

That is what this book offers to illuminate. It is not about how to invest, save, spend, hide, keep, or give away money. Rather, the aim is to unmask the true nature of money and the monetary system that we have inherited. Money is merely a human construct, as will be shown, that was designed in and for another age. By understanding how money really works, we might then create a different system that supports the kind of society we desire for ourselves and for future generations. This is about how to make a sustainably abundant future a reality.

And while money is the culprit, it is not guilty in the way one would suspect.

A much deeper systemic issue is at work. Before anything can be changed, it must be understood. To understand, it has to be taken apart, investigated, and questioned before it can be put back together again in a new configuration that would support a truly functioning system. Although many feel we are fast approaching an apocalypse, we might remember that the word comes from the Greek *apokálypsis*, meaning an “uncovering,” a “lifting of the veil,” or “the disclosure of something hidden,” a “surprise,”<sup>9</sup> if you will.

There are both a general lack of awareness and widely held erroneous assumptions as to how money drives trillions of daily transactions and influences every aspect of daily life.

At the core of these assumptions is the false belief that it is merely the lack of money that is the problem. If there were more to go around, everything could be put to rights. However, what you’ll discover in the following pages is this: It is not the *amount* of money in circulation that is the root cause of this current malaise. It’s the *type* of money that is being used.

The good news is that the know-how and gumption needed to bring about a transformation are already here. We’re not talking about conventional “solutions” such as the redistribution of wealth, increased conventional taxation, bond measures, or enlightened self-interest from corporate entities. Rather, we’re talking about the stories of ordinary people who are jumping outside the prescribed monetary boundaries, rethinking and reengineering money itself.

Recognizing that transformation is possible, emboldened by new monetary innovations, we can realize a brighter future for everyone. In this future, meaningful work would be available to all; the sick and elderly would be cared for, and children would have adequate shelter, health care, nutrition, and education; threats to our environment would end; unstable urban and rural areas would evolve into viable, sustainable communities; and seemingly insurmountable social chasms would be bridged. In short, life and all living systems would flourish.

This is not an idealistic dream, but rather a pragmatic goal, achievable within one generation.

Currently, we stand at an extraordinary inflection point in human history. Several intergenerational, even millennial cycles are coming to a close, including the end of the Cold War (50 years), of the Industrial Age (250 years), of Modernism (500 years), of hyperrationalism (2,500 years), and of patriarchy (5,000 years). The universe is now more malleable, given advances in science and technology, yet nothing of true value and longevity will materialize until money is mastered and humanity is no longer its slave. Just as computer operating systems become obsolete, incapable of performing the functions needed, so do our systems of money.

The first step is to take stock of where we are. Currently, as infrastructure crumbles in the United States and in many other nations, and the availability of high-quality education and health care plummets, with massively underfunded liabilities, the stark statistics still don't tell the full story of America's sons and daughters and, indeed, the entire global family as it grapples with an uncertain future. The situation is particularly dire in Europe: Greece, Spain, Ireland, the United Kingdom, and Italy are in a credit crunch not seen in generations. Even in the countries that were up until recently considered booming, nations like the BRICs—Brazil, Russia, India, and China—development was highly uneven, with entire regions experiencing scarcity and need. Now it would appear that their economic bloom is wilting.<sup>10</sup> Practically everywhere one finds many tales of how the highly competitive nature of the conventional money system influences our lives.

## **REQUIEM FOR A DREAM**

It takes a moment to get over the initial shock of seeing Fred bagging groceries in a popular national grocery store outlet. Stooped, with his torso almost parallel to the floor, his hands gnarled and disfigured with arthritis, he dutifully double-bags the heavy items. A former lab technician with a degree in chemistry from UCLA, he's been working this part-time job for the past 18 years since his retirement at age 65. He's a proud man and says that he took the job at his wife's insistence

that he do something other than hang around their house. He does agree, reluctantly, that the small salary makes a big difference to the household.<sup>11</sup>

Marie was one semester shy of her MA degree when she had to forsake her studies and get full-time work, as she could no longer afford to keep herself in school. Now, four decades later, following a series of low-paying jobs, she lost her unionized custodial job at a local university due to an on-site injury. Until recently, she made ends meet by working for two agencies as a caregiver to homebound, usually bedridden, elderly folks. She cleaned houses to further supplement her income. Her employers did not pay any benefits or cover car expenses as she zigzagged across the greater metropolitan area to work her shifts. She was making \$12 an hour for backbreaking work, and the agencies she worked for charged \$25 an hour for her services. She worked tenaciously and without complaint, as she knew full well about the stack of résumés in her bosses' inboxes from people eager to take her place. One day she collapsed on the job and was rushed to the hospital, where she spent almost 10 days in intensive care due to complications from asthma and pneumonia. With no health care coverage, she now faces a bill of over \$300,000, and she has no idea how it will get paid.

On the day-to-day personal level, the mandate to perform and increase profits percolates through all industry sectors, making life stressful and highly competitive for all concerned. Everything is tied to the financial bottom line.

“Unless I can bring in new business each quarter, I’m toast,” says Dave, while juggling his iPhone and a venti café Americano. A seasoned public relations executive, he works for a boutique technology agency in northern California. “My strong suit is strategizing and running campaigns. I do pick up new clients by referral, but the heat is on constantly to get new accounts in the door. It’s simply cutthroat these days. The office is mostly run by nonpaid interns getting work experience, while my workload increases. I don’t have the bandwidth to explain the basics, let alone the nuances, to these fresh-faced grads. The media executives portrayed in the TV series *Mad Men*, with their long boozy



lunches and even longer expense accounts, are as dead these days as Elvis.”

Rick, a doctor, had just come off the graveyard shift in a large psychiatric hospital and is operating on just four hours of sleep. In his profession, these questions, although politically incorrect, are often bandied about: “Why are your patients going nuts, and why are their numbers increasing?”

He answers: “From what I can see generally, it’s the sense of helplessness that is pushing them over the edge and into an institution or into some sort of therapy at least, for the less chronic cases. These people hold the belief that they won’t be able to make it financially and that they’re powerless to do anything. The workplace for many has become a complete nightmare. The competition for jobs is like the scramble for lifeboats on the *Titanic*. If you have a job, the atmosphere at work is often toxic. Everyone is scared stiff of being sacked. On the other hand, those that do have resources fear that they will lose it all to some slick sales guy conning them out of their last dime so he can make his sales projections. They feel immobilized and unable to navigate the roller coaster of the financial tsunami. It’s not pretty, and it’s only getting worse.”

The picture isn’t pretty for first-time job seekers, either. Americans owe more on student loans than on credit cards. The total of outstanding student loans has exceeded \$1 trillion for the first time in history.<sup>12</sup> The average U.S. college student is now more than \$25,000 in debt by graduation.<sup>13</sup> With this debt load, a young person with a calling to become a teacher, for example, is forced into finding higher-paying work to take care of the crushing debt. A medical student who dreams of a general practice in a rural area or a poor neighborhood or of volunteering with Doctors without Borders in hopes of giving back to society is coerced into relinquishing these aspirations and becoming a specialist to garner higher fees. A graduate with a passion for science is pressed to vacate the idea of teaching and go for a pharmaceutical sales job instead. This leaves a number of critical vocations not attracting the best or the brightest. The current scuttling of jobs is reaching epidemic

proportions. An average of five people vie for each job opening in the United States, and the advice to “follow one’s bliss” rings hollow.

It’s not much better across the Atlantic. Graduates in the United Kingdom, for example, can anticipate 70 applications for one job opening and have been told to flip burgers rather than counting on attaining positions commensurate with their educations, leaving them with no means of addressing their liabilities.<sup>14</sup> Nobel laureate Paul Krugman writes: “In particular, these days, workers with a college degree, but no further degrees, are less likely to get workplace health coverage than workers with only a high school degree were in 1979.”<sup>15</sup>

These days, job satisfaction means having any gainful employment.

Money is the most powerful secular force. Financial issues affect all economic classes, from the rich to the poor. Empathy for the plight of those who suffer from scarcity comes easier. The damage created by poverty and want is pervasive, devastating, and easy to understand. Yet the levels of competition and struggle indelibly linked to money propagate through all levels of society. Less recognized and definitely not generally understood or empathized with are the formidable issues of those who are affluent. Rich people don’t elicit much sympathy: From a distance, many less well-heeled people would welcome their money issues, or so they believe.

“Money has been such a royal pain for our family. I rarely, if ever, speak to my two brothers,” confides Anna, as she takes another sip of her overpriced Upper East Side martini. “Our interactions have always been strained, given the craziness of being shunted off to different boarding schools and, following our parents’ divorce, being raised by different branches of the family. However, it was a seven-figure cash inheritance from my grandfather that just ripped us apart. As the girl, I got the largest share of the estate. That didn’t go down very well with my siblings. The family has been in litigation for years. The only ones getting rich are the lawyers.”

Jungian psychologist Bernice Hill has categorized four levels of what she calls “sacred wounds of money.”<sup>16</sup>

Level one is *the burden of expectations*. Those who are seen as wealthy are often the objects of the fears, needs, and expectations of those who lack money. Society expects those with money to “do the right thing,” which most often translates into “give money.” The affluent are left to ask themselves, when invited to attend an affair or participate in an event, “Is it me or my checkbook that’s being invited?”

Level two is *isolation*. The prosperous must question if their personal relationships are based on money or status, rather than genuine caring and true feelings for the friendship. As a consequence, people of means tend to socialize only with others of similar financial and social backgrounds and ultimately come to experience a deep sense of isolation. The painful question lingers, “Would my friend still be my friend if I didn’t have any money?” Love, popularity, and camaraderie can be as paper-thin as money itself. This lack of trust is reflected in the measures taken to ensure their security—the higher walls built around their homes, possessions, and lives, literally and psychologically. In the end, the well-heeled tend to seek refuge in “golden ghettos.”

Third, being well-to-do can lead to *unhealthy family dynamics*, as exemplified by Anna’s story. The tabloid press and reality TV are filled with family feuds and the nagging fears and general angst regarding inheritances, wills, and pressures brought to bear regarding proper behavior. Even the most intimate relationships—choosing the *right* partner in marriage—are subject to all-important prenuptial agreements, yet another financially secured contract.

And finally, and perhaps most important, is the *crisis of identity*, particularly for those who have inherited wealth. The questions of self-worth and one’s uniqueness, which arise for everyone, become much more painful when one is seen by others as having money. Philosopher Jacob Needleman observes, “The only thing that money will not buy is meaning.”<sup>17</sup> Often, wealthy people suffer from guilt, anxiety, and a sense of meaninglessness.

In an environment and culture where so much is shaped by financial worth, the scarcest commodity seems to be trust. Indeed, each of

these four conditions shares a common thread—the loss of trust in society, in friends, in family, and finally, in oneself. An all-too-common response to the issues faced by the wealthy is “I wish I had that problem.” This denies, however, the depth of the anguish experienced by some and the reality that money has become an equal-opportunity problem maker.

Feelings of futility permeate all strata of society. This sense of worthlessness often manifests as rampant consumerism. An extreme case in point is the recent report of a Chinese high school boy who sold his kidney for \$3,500 to raise the funds to buy an iPad and an iPhone. Young girls across the globe trade sexual favors with wealthier men to procure luxury items such as designer handbags and couture. The practice is euphemistically called *compensated dating*.<sup>18,19</sup>

All this leads to the ironic conclusion that the current money system provides genuine individual satisfaction neither for those who suffer from its scarcity nor for those who are wealthy. The drama of money plays out in all segments of society.

## THE DASH FOR CASH

Beyond the daily monetary mêlée that is playing out on the personal level, some 44 states in the Union are considering bankruptcy,<sup>20</sup> and dozens of cities across the nation are faced with inevitable budget shortfalls.<sup>21</sup> The river port city of Stockton, California, is the largest U.S. city to lately declare bankruptcy.<sup>22</sup> In the meantime, at various levels of officialdom globally, it’s believed that the only way out of the current credit crunch, on the present trajectory, is the forfeiture of assets in the blaze of fire sales.

Some 28 states have passed private public partnerships (PPPs) enabling statutes.<sup>23</sup> Despite the benign-sounding label, these statutes mean that governments—at whatever level—are selling off existing infrastructure that has already been built and paid for with taxpayers’ money to reduce existing debt, if they are unable to meet current governmental expenses. Once something is privatized, the new owners

will certainly charge fees for the use of any once-free public utility or will increase existing tolls. Consequently, taxpayers will end up paying twice for the same infrastructure, and the second time could be more expensive than the first, given that many infrastructure assets are monopolies.

The total value of U.S. government fixed assets (at federal, state, and local levels combined) was an estimated \$9.3 trillion in 2008. Of this, \$1.9 trillion is owned by the federal government, and \$7.4 trillion is held at state and local levels. The value of all the highways and roads owned by states and municipalities is \$2.4 trillion. There are sewerage assets worth \$550 billion at state and local levels, along with a further \$400 billion of water assets. And in the real estate sector, the federal, state, and local governments own assets worth \$1.09 trillion.

The evidence reveals that PPPs, rather than being entrepreneurial ventures to create work and unleash massive opportunities for the general population, actually favor buying up existing assets instead of building new ones because the time required and risks involved are much higher with new projects.

The competition to acquire real assets, whether through PPP programs or the wealthy simply buying up whatever they can before currency gets devalued, leads to an even greater concentration of wealth as the deepening of privatization plays out. Ordinary people are less and less able to afford access to a local library, for instance, since what was once a public service now requires a subscription, like a membership fee to a private club. Additionally, pressure on authorities to sell their own offices will oblige them to pay rent for the offices that they once owned. And this will be another bill that taxpayers will have to cover.

With this new concentration of monetary and financial power, François Morin, a financial advisor to the highest ranks of European government and the European Central Bank (ECB), asks, “Is this not a cause, probably the main one, of the powerlessness for the public sector to manage the growing economic and social imbalances that manifest in our societies? Is this new global financial paradigm not having a dissolving effect on our democratic societies?”<sup>24</sup>

Americans have always been encouraged to aspire to bold dreams and to believe that diligence, coupled with the benefits of capitalism and democracy, would ensure a bright future. As this reverie dissipates, another reality needs to arise.

There is a way out of this insanity: by rethinking money. In the words of famed computer scientist Alan Kay, the best way to predict the future is to invent it. To invent, one has to first understand why money *really* matters. Only then is it possible to rethink the monetary model.

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