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10 QUESTIONS WITH . . .

BERNARD LIETAER

"By rethinking money now, we have the possibility to create a Golden Age of Sustainable Abundance within one generation."

We designed it, we created it, and now it's our master. We know it as money. He doesn't call it the root of all evil; instead, Bernard Lietaer believes money - as it could be - is the root of all possibilities.

Lietaer, a native of Belgium, is currently a research fellow at the Center for Sustainable Resources of the University of California, Berkeley; and will be Professor at Naropa University from this Fall onwards. Previously, he was a professor of international finance at the University of Louvain in Belgium, head of the organization and planning department at the Central Bank of Belgium, president of the electronic payment system and, in the speculative domain, served as general manager and currency trader for one of the most successful offshore currency funds. Lietaer's career has taken him all over the world, giving him the opportunity to see many extremes - from dire poverty and hunger to opulence and extravagance.

Money, he says, not only permeates every facet of our lives, it is hot-wired into our sensibilities. "I've run through a whole gamut of emotions - many highs and many lows - working with money on both a personal and a professional level," Lietaer says. "Perhaps the most important outcome of my experience with money is now a broader, deeper, more grounded view of its worth to us as human beings - and of its pitfalls. Money not only has the potential to contribute to global abundance, sustainability, and peace of mind if used wisely, it also has the ability to engender unfathomable suffering and hardship. It's truly a mysterious thing." Voice recently talked with Lietaer about these mysteries and about his views on how different thinking about money and money systems could bring us a very different future.

‘More on "Money"’

Bernard Lietaer's book "The Future of Money: Creating New Wealth, Work and a Wiser World" was published by The Random House Group Limited, and can be ordered on www.amazon.co.uk .

It is soon to be followed by his newest "Human Wealth: Money Beyond Greed and Scarcity. Available Spring 2003. Pre-launch price \$15.00 Order by calling (303) 474 4223 or email HumanWealthBooks@aol.com.

1. How did you get involved in this “higher level” thinking about money and money systems?

Being a central banker and a professional currency manager are two things that typically don't happen in one's life. Advising developing countries on monetary matters one day and multinational corporations the next; or being university professor one year and President of a major electronic payment system the next – all these experiences force one to integrate basically mutually incompatible viewpoints. I guess I'd have to say that my different thinking was accidental – I certainly didn't plan it. The fact that my career moved me to the extreme ends of observation on the spectrum simply made me think about money and our money systems in a different way.

2. You've lived and worked around the world and in many different societies and cultures. Is the cult of money – some would say the worship of money – uniquely American?

In the last century, particularly the last 50 years, American culture has been so successfully exported around the world that the cult of money is not uniquely American. It's now almost worldwide.

Historically, however, that was different. In most other cultures there used to be a separation between the elite that was looked up to, and those with money. In India, for example, the brahmeen – the highest cast – used to live in the simplest houses in a village; while the most ostentatious houses belonged to the lower cast to which the merchants belonged. In ancient, or “traditional” China, the wealthy were also the merchants, but the respected were the scholarly elite, although they lived comfortably because the emperor looked after them. Similarly in France – if during the Ancient Regime an aristocrat were to engage in commerce he would be stripped of his title. This was less the case in England, however, which is why the “landed” and the aristocratic often became entrepreneurs. It contributed to making the Industrial Revolution easier in that country.

So the separation between the prestige elite and the wealthy elite is really a long tradition. And I believe such separation may actually contribute to a longer-term social stability. It's really the merger of these two social groups into one that may be at the origin of an almost universal money worship.

3. What do you mean when you say that money no longer necessarily works in our best interests? Who is “our?” Aren't those living in dire poverty in Bangladesh likely to think that money would serve their interests?

I make a distinction between money and money systems. Money is simply a product of the system. Our money *systems* do not serve us well. I'm not saying that people don't need money, or that money doesn't serve our purposes. But the systems and the way money is created and managed are more the issues. It's the difference between water and an irrigation system. There is no argument that we all need water, but some irrigation systems may be more effective than others. Our current money system virtually *requires* that money be scarce. If it wasn't, and suddenly the Bangladeshis had all the money they needed, and everybody else did, too, then everybody's money would become automatically almost worthless through inflation. The system, like it or not, requires that about one-third of the world's population have less money than they need.

4. It seems very cruel, doesn't it?

It may, but it's systematically built that way. By definition, all our conventional currencies keep their value only because their usefulness is greater than their availability. It's created through bank debt; in other words, it's created from nothing and has no backing. Today's money system wasn't a specific person's conscious design; it's simply the way it evolved. That is why I see money systems as a materialization of the collective unconscious of a society. But we can take some lessons from its implications from The 11th Round story in my book [see sidebar - Editor].

5. You believe that most people really do not understand money, nor do they really think about what it is. Why do people not understand it?

Money is one of the primary taboos of Western society, along with sex and death. To understand what those taboos have in common we need to delve into collective psychology best described by archetypes. Archetypes are patterns of emotions and behavior that can be observed across civilizations and time periods. Historically, the three Western taboos – money, sex, death – were all key attributes of one key archetype, the Great Mother. It turns out that the earliest currencies all directly related to the Great Mother, back all the way to prehistory. For instance in 3200 BC, the original Sumerian shekel was embossed with a representation of Inanna, the Goddess of life and death, sexuality and of the grain storage facilities that backed the money of the time. The English word “money” itself derives from the temple of Juno Moneta in Rome in whose basement operated the mint of the empire. Juno was the Italic goddess of the menstrual cycle, sexuality, pregnancy, birth...and of money.

Over the centuries, Western society has totally repressed the Great Mother in our collective consciousness, sometimes rather violently, leaving us nothing from the feminine side in our vision of the divine.

When you repress an archetype it manifests itself through its specific shadows – with money, that turns out to be greed and fear of scarcity. This brings us straight into the deeper emotional level about money. At the risk of simplifying, you could say that the reason we don't understand money is that we don't understand a heck of a lot about sex and death, either! That has started to change somewhat, though. The 1960s forced us to talk about sex, and AIDS now has forced us to talk about death, even with our children. In my work, I'm trying to draw people's attention to our money, our last taboo. Think

about it: it's less taboo today to talk about who you slept with last night than about how much money you have. It's a real blind spot in society.

7. Your views – such as the serious consequences of breakdowns in community – sound like they have as much to do with values, as with money. Is that what this is more about?

That's a chicken and egg question. The answer, of course, is yes – it's about values. Where do values come from? Not from the sky. The general assumption in economics and the financial community is that money is value-neutral. The evidence is now in that it's *not*. And if you get that point, it may be the only one you need to get. As long as we hold on to the notion that money is value-neutral these discussions could go on forever. People tend to say, oh, people may be poor because they're poorly educated. You know the old saying: if you think education is expensive, just try ignorance. We really need broader, deeper, more long-term thinking about these issues. But even that is inhibited by our money system – because it is also programmed towards short-term thinking.

One of the future scenarios I describe in my book is “Hell on Earth.” It has much to do with breakdowns in society. Hell on Earth would be the result of a highly individualistic “free for all” – a world that would result if enough people believed that the solution to any breakdown was to buy more bullets for their guns. This is an extreme scenario, to be sure, and obviously not the only plausible one. The one I recommend is the scenario of “Sustainable Abundance.” Abundance does not refer to an accumulation of more “stuff,” or a Porsche in every garage. Abundance is what provides enough freedom of choice in the material domain to as many people as possible so that they can express their passion and creativity. It provides a true sense of meaning in life. Someone who's starving and whose child is dying from hunger will simply not have the opportunity to express creativity in a positive way. And the good news is that sustainable abundance or sustainable capitalism can be achieved by creating complementary money systems to support it.

Complementary currencies are designed not to replace conventional money, but to operate in parallel with it. We all know about commercial examples like frequent flyer miles. They started as a simple marketing gimmick. But today in the UK for instance, one can purchase goods with British Airway miles at Sainsbury, the largest supermarket chain in that country. More than 40% of the miles are now earned in another way than buying an airline-ticket, and more than 2/3 of British Airway miles are now used for something else than buying one. These familiar complementary currencies have only a commercial purpose. What is more interesting and potentially more important - although still less familiar to the general public in the US - are the on-going experiments with social purpose complementary currencies.

8. Speaking of these “complementary currencies,” discussed in your book, in use in communities in America and elsewhere. Why do you think these are important? What is their future?

In my opinion, the most interesting complementary currencies are those that aim at solving social problems without government bureaucracies or tax burdens. In 1984 there was only one such system in the world, today there are over 4000 worldwide. The ones in the U.S. currently are still rather primitive and small-scale at this point. They don't yet have the level of maturity or scale or mainstream acceptance to make a real difference. The typical complementary currency system in America has fewer than 500 people in a relatively homogeneous community, and does not include retail businesses. In that sense, they are destined to remain marginal. In Japan and in Europe, in contrast, there are successful models that are becoming more mainstream, by including local businesses.

Let's take a concrete example of how complementary currencies could address three typical problems in America society in today's economy. First, locally owned businesses are dying off in droves in small communities, driven out by the big chains. This will leave the downtowns further deserted, and saddled with a whole host of “inner city” problems. Second, institutions of higher education are in financial distress, so a college education gets more expensive, resulting in only a smaller elite class being able to afford it. Third, almost every city, town, and state is in a budget crunch, and they cut back everywhere on social services, recreation, health, support for the arts, and so on. A complementary currency system could address these three issues in an integrated way: A local loyalty currency could be accepted in partial payment by local stores, while the big chains would tend not to accept as they do not tend to source their goods or services in the local economy. Such area-specific loyalty currencies have proven to give locally owned businesses in the UK an effective tool to thrive and help in keeping conventional money circulating in the local economy. That same local currency could be accepted in partial payment for tuition at the local college. The marginal cost in education for providing educational “services” – the professor, the room, the desks – is very low. Why not fill those empty chairs, and educate more people?. But how do the students earn those local currencies? They can earn them by providing assistance to the elderly, mentoring for kids, help in cleaning up the streets and parks, and so on - all those services that are now being cut back because of budgetary constraints.. In short, here is one solution that can address three pressing issues.

None of that is theory: each component of such a strategy has already been tested out successfully somewhere in the world. Even a truly integrated model of a local complementary currency of the type described is now operational in Yamato City, a city with a population of 75,000 located some 50 miles from Tokyo. The municipal authorities have created what they call a “LOVE currency” – it stands for “LOcal Value Exchange.”. It uses smart cards as a payment tool, and has more than 40% of the population participating in it.

The important point is that such complementary currencies have already proven a useful tool to address a whole range of social problems, and the grassroot organizations using them solve those local problems based on their own assessments of priorities and skill set. In short, economic democracy at work...

9. Why isn't it just enough for people to give of their time, such as taking an older person who can no longer drive to get groceries? Or volunteering to tutor a child?

Consider the facts about volunteerism: the average turnover rate is about 500 percent a year! Typically, volunteers burn out easily. What's interesting is that several studies show that this doesn't happen to the same extent in communities where complementary currencies are being used to pay for such activities. In such communities, these "gifts" are being acknowledged in a more tangible way. And people who don't need the complementary currencies themselves often double-give by donating their credits to someone who may be able to use them. Their time contributions become suddenly valuable twice. One result: burnout rates among volunteers drop dramatically with complementary currencies. This is not magic. And nobody can "freebie" the system and demotivate everybody else. Furthermore, in communities where there is such a local complementary currency operational there is actually *more* volunteering going even by people who don't bother to ask for complementary currency compensation. It seems that this too has to do with the fact that in those communities the gifts are simply more acknowledged.

It might be easy to think about complementary currencies as a form of local "scrip," with a social purpose, just as frequent flyer miles are an example of corporate "scrip" with a commercial purpose.

10. Why aren't there more getting started? Who would start a local currency in their own community?

There may already be local currencies in your area, but that you may not know about. In the US, 31 States are paying some of their own employees to start such systems in the most deprived areas because they solve problems in a more cost-effective way than the conventional programs. Time Dollar systems tend to work best in homogeneous communities that don't have much cash. They're therefore most often used by students, the unemployed, retirees. That is fine as far as it goes, but because they don't include businesses there remains an impediment for them to really go mainstream.

A more integrated local currency, such as LOVE, takes more planning, needs more infrastructure, and must include local businesses. But they would also be able to address larger scale social issues.

Downtowns in cities and towns everywhere are dying and becoming ghost towns. They get drug- and crime-ridden and nobody wants to go there. And then 10 years from now the government begins an urban renewal program costing a couple of billion dollars. Maybe we can learn from this cycle. If somebody – it could be anybody or any entity who wants to lead the effort – put \$100,000 into the development of a local currency it could eventually have an impact as much as \$100 million of exchanges facilitated over time, exactly where they are most needed. But if you put \$100,000 into a small project to help a ghetto area you have a \$100,000 impact – that's it. I am convinced that

complementary currencies are one of the highest leverage tools available to address today several of our most pressing social issues.

Thinking about all this depends largely on how much of a difference we want to make in the world. If you – an individual or a financial planner – say, “The only thing I care about is my money and whether its amount goes up or down,” then all of this may seem irrelevant. But for financial planners and ordinary citizens who are aware that the value of their money over time will significantly depend on the overall condition of the society in which they live - for all those who know that the quality of their own life requires us to consider the question of social responsibility on a broader scale - this is highly relevant and will ring true.