Moral Money: Commons Money that Works for Us, Not Us Working for It

Abstract

There has been a robust conversation recently concerning the need to move toward an economy and society that recognizes the moral need to move decision making, democracy and environmental transformation to the local level as much as possible, often consciously building on the work of Elinor Ostrom. Typical representative articles have been those of Alperovitz et al, Reyes-García et al, Bollier and Bollier, Albert, Manzini, Karlin, Hudson, and Helfrich.

However in all of these articles there has been a weakness. There has been no analysis of the structure and function of a major root mechanism/institution that affects and effects operation of the economy; money. The following is an attempt to open this discussion.

A warning: The present analysis gores sacred cows. Using Lietar's definition of money, it describes how money works in its simple form, making possible the trade for provisioning of its users. It then goes on to define the structure and function of capital.

It then compares this simple money system with our present money institutions and how they create money and capital. It demonstrates how our present money requires growth and promotes scarcity, fear and anger. It also analyzes current alternatives proposed, describing their weaknesses. In doing so, it compares current and proposed practice with simple money which *in its structure* promotes the values of cooperation, compassion, and justice for its users.

Based on this analysis we recommend money institution structure and function that is morally consistent with, and fosters, democracy, and a healthy environment: an environment that we support, as our environment supports us as humans.

Executive summary

In the introduction, following Lietaer1, we define money for what it is; an agreement within a community to use something as a medium of exchange. We note that money is not stuff in the normal sense. Instead, it is numbers in an abstract system of accounting that measure our incomes and outgoes. Sometimes something physical is used to represent these numbers, but it is just that, a symbol, not the money concept itself. If the symbol does have market value, its value is often a poor representation of its symbolic money value. We note that our current money has no physical representation.

In the second section, we discuss how money works in its simplest form; a mutual accounting system. We note that money involves commitments and claims on commitment. Commitments relate to debits, and claims on commitment relate to credits in the accounting system. Here money is created by its users exclusively for their provisioning.

1 Bernard Lietaer, The Future of Money, Random House, London, 2001, ISBN 0 7126 8399 2, and New Money for a New World, Bernard Lietaer and Stephen Belgin, Qiterra Press, Boulder CO, 2012, ISBN 978-0-9832274-9-6

In this analysis we intentionally do not use the commonly recited functions of money; medium of exchange, unit of account, store of value, and standard of deferred payment. The reason is that the latter two functions replace and obscure the fact that money is the measure of commitment and claims on commitment, which underlie store and standard.

In the third section, we discuss the social implications of money, and the concept of capital. We introduce the moral implications of the rights/responsibility equation; how in a democracy, with every right there is a corresponding responsibility, commitments and claims on commitment being an example of the more general concept. We go on to define money capital; money capital is a large claim on commitment, and it relies on the commitment of its users to fulfill this claim; again an example of the fact that for every credit, there is a corresponding debit, following the rights/responsibility equation.

In the fourth section, we describe our present private-for-profit money system, and note that in the present system, the rights/responsibility equation is ignored. Money is created by fiat, without acknowledging that the money created represents a commitment on the part of all of its users to the operation and stability of the money issue. The fact that this commitment is not acknowledged gives the managers of the money system great power over its users. They decide what money is to be created for, and what actions it will support. In the present system, money is created for its creator's profit. Provisioning of its users is second priority at best.

In support of this argument, we disaggregate profit, demonstrating its two functions; providing compensation for time, effort and risk, and an unearned portion that is a private tax on the market. This private tax goes to the owners of the banking system and for profit businesses, giving them their power through private control of capital.

In the fifth section, we discuss alternatives that are currently being considered. We find that Central Government created fiat money has many of the characteristics of private-for-profit money. It is a top down, authority managed form of money. Like our present money, it does not acknowledge that its creation involves a commitment on the part of the citizens, to offset the claim on commitment involved in its creation.

A second weakness is that it leaves in place the private-for-profit banks as the interface between the users of money and its creators. Thus the issue of the unearned private tax on its users is not properly dealt with. It is noted that historically, government created money has over time been corrupted and taken over by the bankers, because of this weakness.

In the sixth section we discuss natural and human capital. We note that natural capital was here before humans came on the scene, and that it was treated as a commons by early man. We then recognize that the concept of private ownership depends on violence and power, not democratic decision making; that those who have promoted private property have promoted it to gain power, not to promote democracy.

We point out that the drive for profit as the primary directive of the present money system is a major motivation for militarism, bullying, and the promotion of fear and anger. This contrasts with the values underlying simple money; to value its users and manage their mutual provisioning. The work of Henry George and Elinor Ostrom is shown to support the concepts of simple money.

In the seventh and final section, we get to the issue of a practical means of getting to more democratic money; money that is congruent with a democratic society. We propose that creating something new that serves those of us who use it, and exhibits values that are consistent with what we need and want, is more practical than trying to morph the present system.

We go on to specify some of the important criteria in developing an alternative democratic money system that acknowledges, in its structure, the place of humans as stewards, instead of usurpers, in our relationships with each other as well as the rest of creation. We end with an exhortation to get on with it.

Introduction

What is Money? We often talk about what money does, but what is it? The best definition that I have found is from Bernard Lietaer, a prominent Belgian economist, who, among other things, developed the transition mechanism from the individual European money systems to the Euro. His definition is:

"Money is an agreement within a community to use something as a medium of exchange.".

Money is an agreement, not physical stuff.

Whether money is represented by cattle or cowry shells, whether it be tally sticks, gold, silver, paper money, or simply numbers in an accounting system, it is its symbolic value that counts.

What does this symbolic value represent? It is the willingness of its users to trade their time and energy for the time and effort of others, each doing what they are able and have learned to do, or can learn to do, in trade with others in their community.

Money simply formalizes informal exchange. It makes possible keeping track of each person or group's economic contributions and withdrawals in a complex economy.

Unlike barter, money makes possible transactions between multiple traders. Money also allows for flexibility in the timing of transactions. In so doing it *represents commitments between its users*, keeping an accurate accounting of who has contributed how much, and who owes how much over time.

It is trust in making and keeping commitments to balance budgets (production and consumption) that allows all money systems, including our own, to operate.

Physical objects are poor measures of this symbolic value, as their value is affected by supply and demand, rather than being an accurate measure of time and effort. An accounting system structured to measure time and effort is the functional solution .

To summarize: Money is the name we give to accounting numbers that measure contributions and consumption in the economy. Money relies on trust in the reliability and fairness of the accounting system structure, and trustworthiness on the part of its creators and its users to keep their commitments, for its successful operation.

Simple money

Let us make our inquiry into money concrete with a simple example of how it can operate. To model this example we will extend barter, the way of the gift economy2, that existed (and still exists) in 'primitive' communities.

To quantify barter and the gift economy, we create a formal system of balanced trade. In this simple money system, all market group members start out with a zero balance in their accounts. So all transactions don't have to be simultaneous, balances revolve around zero, both plus and minus. Keeping balances close to zero maintains a situation where everybody is keeping their commitments, and carrying their weight.

Having the system be open source, not for profit, and taking the form of a network, rather than a centralized system of issue, makes its structure consistent with the values of democracy; cooperation, justice, and local control and management. It makes money a commons, rather than an authority centered institution. In this way we mimic the reciprocity of the gifting economy in the structure of money.

In operation, think of it as using a kind of blockchain credit/debit system. In this money system, if some person or group (lets call them 'A') buys something, say food, their account gets a negative entry. Person or group 'B' providing that food gets a positive entry. Those entries represent the creation of money.

Buyer 'A's negative entry represents a *commitment* to provide something for someone else to bring their balance back toward zero. Seller 'B's positive entry represents a *claim on the commitment* of other community members for what they need.

The concepts of commitment, and claims on commitment are pivotal to the operation of money. They are a major reason that trust is necessary in its operation. Commitment and claims on commitment also relate to the concept of capital, which we will discuss later.

Money relationships

In the simple money system, market group members are integrated persons - traders - rather than split-schizoid producers/consumers as is now the case. Decisions about what to create money for are made by the traders affected, balancing individual needs with community needs, valuing cooperation,

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2 Marcel Mauss, The Gift, W. W.Norton, 1990, New York, ISBN 0-393-30698-4

compassion and justice rather than creating larger balances. The idea is to have enough, not more.

Democratic money is an example of applying what I call the rights/responsibility equation, a basic measure of morality. In a democracy, the more rights (freedom) we the people have, the more responsibility we each have toward our fellows and to the earth that sustains our lives. If democracy is to work, this relationship between rights and responsibility must be respected. Operating our own mutual money system for our trade brings rights and responsibility together in our daily relationships.

Keeping all traders' balances close to zero requires some kind of mechanism so the system isn't taken advantage of. If transactions create a negative or positive balance in a trader's account *greater than what they have agreed on with their peers (the rest of us)* automatic stops can be put on them, just like with our current credit and debit cards.

Such a system works best in a community small enough that the traders know who each other are. Scaling the system can be done by multiplication and connection of local groups, rather than by 'biggerization'. This isn't a money system created by some central authority. This is a money accounting system that is created by people and their communities for their own use.

As local communities gain trust between themselves, they can consider import-export trade, and commitments together with other communities for larger projects or specialty goods/services. This trade is facilitated by the use of the same rules of money creation in all local groups. Reed's law of group-forming networks applies to this structure.

There is no need to manage the amount of money in circulation in a simple money system, as money is automatically created as needed, and disappears when balances are brought back to zero. Some examples of existing efforts that include some of the principles of simple money are Time Dollars, the Swiss WIR, and Mutual Credit systems. Simple money is an example of a Mutual Credit system.

Money capital in the simple system

In the simple system, money capital is seen for what it is in any money system. *Money capital is a claim on the commitment of any/all members of the market community.* Small claims and commitments are simply a part of the transaction-clearing operation of the money system.

However if any person or group wants to have a large positive balance (a large claim on commitment/capital) to buy or do something in the simple-money context, they are able to do that with permission from their fellow traders; the rest of us who will hold the commitment on their claim. The rest of us need to make a decision based on the value of the proposed purchase or investment to the borrower and the community; the rights/responsibility equation in action. After all, we will be left holding the bag if they fail, and will all gain if they are successful. If a community (no matter its size, local to global) agrees on the utility of a project, it commits itself to its completion, creating the capital needed.

Alternatively we, the community, can express our willingness to support someone or some group without repayment, as in the gifting community, crowdfunding their aid by committing ourselves to them. An example might be aiding a family that lost their home in a fire.

This conceptualization of capital varies from what even current thinkers are thinking as exemplified in Victor and Jackson "Investment is the process of setting aside income in the present in order to maintain, protect, and enhance the assets from which future prosperity will flow." These thinkers have not recognized that *the function of money capital as commitment* is more basic than whether it is a result of savings, or simply creation of money by fiat, out of nothing. *They, as we all do, see all savings as personal gain, rather than a possible addition to the commons.* We will further discuss savings later.

Operation of this system requires learning the processes of community decision making. It requires studying and practicing sociocracy, participatory budgeting, and other community decision-making processes.

Now that we have some handle on how simple money can work, we can contrast it and its results with the present money system and alternatives that have been proposed.

The present money system

A little history: Commitment and claims on commitment were evident in the structure of the split-tally stick-money system that was made official by King Henry I in England in 1100 AD, making them the only way to pay taxes. The system operated there until 1826, a little over 700 years. Analysis shows that the tally sticks were a form of mutual money.

The tally-stick system was weakened during the reign of Charles II (1660 to 1685), as he wanted money to salve his appetite for the good life and war. To do so he borrowed bank money from the bankers, and sold tally sticks at a discount, to repay the bankers who wanted their kind of money, not tally sticks.

Finally, after the organization of the Bank of England in 1694, formalizing bank money, the last tally sticks were burned at the House of Lords in 1734, setting fire to the building and destroying both Houses of Parliament. The Bank of England, which had gradually taken over the creation of money in England, was the model for our present money system.

Our system is quite different from the simple system described above. In the US it was finalized in its present form by the passage of the Federal Reserve Act of 1913, creating the Federal Reserve Bank, a private-for-profit monopoly.

The Federal Reserve Bank operates like a casino, with the Too Big To Fail Bankers representing the House, local bankers taking the part of contract-table operators, and the rest of us being forced to be the clients of this casino in order to trade and pay taxes.

In contrast to the simple system, here the chips (money) are created out of nothing (by fiat, ex nihlo, in Economicspeak) as loans by the banking system. However reflecting the fact that for every claim on commitment there is a corresponding commitment, in reality private bank money is a loan from the people using it, to the bank issuing it. This fact became evident when we taxpayers bailed out the Savings and Loans in the 1980s and 1990s, and the 'Too Big To Fail' banks in 2008, when they got into trouble.

When our present banks make loans, their only legal contract/commitment is to get the money they created ex nihlo back *with interest*, or get collateral pledged if the loan isn't paid. As loans are repaid, the money representing the principal is canceled as happens in the simple money system. The interest was not created as new money, however it is an additional debt owed to the bank issuing the loan along with the principal.

This structure creates a situation where there is never enough money in the working economy to pay both principal and interest back to the banks when all loans come due. Remember, no money was created to pay the interest. As a result, one or more of three things has to occur.

1) The economy has to grow exponentially, so there is enough money in circulation to pay the interest; 2) There must be inflation, creating more money to chase the same amount of economic activity; and/or 3) Some members of the market have to declare bankruptcy, ceding assets to the banking industry, as they don't have enough money to pay either principal or interest, because others have used the only available money to make their payments.

This is why we are told by the banking industry and economists that growth is necessary. Economic growth is not necessary when the money system is properly structured. And growth, after market maturity, besides not being necessary, is not viable in a finite world.

Another problem with our present money is that the money supply is not self-regulating. It is regulated by the quantity of loans the banking industry makes. A principal cause of an over-heated bubble economy is when the banks make too many loans, increasing the money supply. A principal cause of recessions is when the banks don't approve enough loans to create enough money to make possible the trades that people, businesses and governments need to operate.

In all cases, the Too Big to Fail Banks, the House in our casino metaphor, come out ahead. In the growth economy they gain through interest. In the recession economy they gain by taking ownership of assets pledged.

Money capital and profit in the present system

There are three classes of capital. Money capital, natural capital and human capital. First we will address money capital, and profit, which is associated with money capital. Natural and human capital will be addressed later.

Money capital in the present system is either created out of nothing by the banking system and loaned at interest, or has been accumulated as profit by investors. It is only utilized if it is seen as a producer of more profit/capital. Commitment to what is needed by the communities served by the banking and finance community is at best a second priority.

A discussion of profit is in order here. Profit has two very distinct functions. These functions need to be disaggregated. (Disaggregated is the Economicspeak term for separated/distinguished.) For a very small business, profit is the pay received by the entrepreneur for their time, effort and savings to cover risk.

For a larger business, profit fulfills this function, and also accumulates capital; unearned income; unearned claims on commitment. (Note that in the simple system described above, capital is created with the expectation that it will be earned in the future, with the results accruing to the community that committed itself to the capital formation.) This unearned capital is distributed to investors and managers, who have previously accumulated capital as unearned income, or borrowed capital to invest from the banking industry, which created it out of nothing, at interest.

Our current private accumulations of capital have to be understood for what they are; the result of a private welfare tax levied on the economy. This tax is paid to investors, managers, and creators of money, through their unearned profit from charges in excess of reasonable costs, for interest, products, or services they have billed out. These private taxes, which are claims on the commitment of the 99%, give enormous power to their major holders.

The money-system private welfare tax is hidden in the transactions of buying and selling because we don't disaggregate profit. However it is none-the-less very real.

As a result of the present system structure, the accumulation of money capital has become an end in itself, rather than a means to make possible things that are needed and wanted by the users of capital.

This corruption of the function of money as capital is at the heart of why it is currently difficult or impossible to get things done that need to be done in our economy, if they aren't oriented toward profit. Because profit is the bottom line, we work for money, instead of it working for us. This is a major moral issue that we need to confront.

Current initiatives

There are a number of current initiatives that are in the continuum between private for profit money and the simple money described here. Central Government issued money (often thought of as nationalizing the Federal Reserve) is a prominent proposal under discussion. While it is an improvement on the private for profit money system we now live with, it has its problems, when understood in terms of what we have learned in studying simple money.

First, it is created by fiat, ex nihlo, out of nothing, by a central authority like our present casino money. Just like in our present system, in creating money by fiat, there is no recognition that the claim on commitment being assumed by the government has a corresponding commitment; and who is making that commitment, like our present money, us taxpayer constituents of the government.

Like private for profit money, Government created money is a loan on the part of the citizens to the Government. Unlike bank created money and simple money however, the loan created by Government money doesn't have a repayment date. This makes it even easier to ignore the fact that it is in reality a loan.

Because Government money is created by fiat, ex nihlo, with no repayment date, the amount of money in circulation is not self regulated, and has to be guesstimated and centrally managed, so there isn't too much or too little in circulation to prevent inflation or deflation. This is one area where the system is open to manipulation. With the size of our economy the probability of manipulation in a faceless bureaucracy is a real danger.

Proposals for quantitative easing/'helicopter money' are an example of abuse in money creation. In the present case, the money created by quantitative easing has been absorbed by the financial community rather than becoming a part of the money pool for the real economy. It has done nothing to improve the real economy. It has simply increased the claims on commitment of the financial community toward the real economy and kept the money system from breaking down because of its need for exponential money supply growth. As noted before, in the simple system, this is not an issue, as the money supply is automatically managed by its users, as they make their transactions.

Another weakness of Government created money proposals is that they leave the private for profit banks in place as the interface between the government and the users of money. In so doing nothing is done to deal with the use of profit to accumulate money capital, and use it only for issues that produce more profit for those who have accumulated it, rather than having all capital created by its users only when needed, and only for things that are in their best interest.

Government money served well in the Colonial, Revolutionary War, and Civil War periods of our history. However history has shown, both in the case of the Revolutionary War Continentals, and the Civil War Greenbacks, that the private for profit banking industry, over time, manipulated the system and re-took control of money creation.

While money created by a Central Government may be used for social needs, there is no guarantee that this will happen. Since the decision process is centralized, *if* a distributed decision making structure is provided to gain citizen input, it is not part of the basic monetary structure, and can be manipulated or done away with. This is an example of a top down structure trying to act as if it is bottom up. It *can* work, but is subject to control and abuse by the central authority.

A final difficulty is getting legislation supporting Government money passed by the present government. Members of the present government are so bought and paid for by the banking industry, that expecting them to allow a change that would decrease that power is a non-starter. Just as the insurance industry, which doesn't have nearly the clout of the money industry, kept universal health insurance off of the table, we have to expect government money to also be off the table.

Cooperative banks and City or State owned banks, following the example of the Bank of North Dakota are other initiatives. While they do move limited control to a more local level, they are still a part of the casino system operated by the central bankers. Systemic control is still at the top, and is still driven by profit.

In contrast to both central government and private money, in the simple system, the people have a democratic stake in outcomes because of basic system structure. They make the decisions of when and for what their money is to be created. They can directly feel the responsibility for the decisions they make on how their money is to be spent, making money creation decisions in their best interest.

In addition, in a system composed of nested smaller systems, failures, if they occur, are more local and much less catastrophic than in a megasystem such as the money we now have, or central government issued money.

Natural and human capital

Natural capital and human capital are not directly a part of the money system, but they are a significant part of what money is used to value, so they need to be considered in the discussion of money.

Lets discuss natural capital first. The earth and its assets, natural capital, were here before we came on the scene. In 'primitive' societies, these assets were not privatized, as we have done in Western culture. The earth was a commons. Much of this commons has been privatized/enclosed. Privatization was not a democratic process. Steve Roth has clearly demonstrated that ownership is dependent on violence, and as practiced in our present culture,the violence of the state.

The idea of absolute private ownership was locked into the land tenure system (as well as the built environment) by authorities that wanted control, not democracy. The habit has continued even as we attempted to become democratic, politically.

As a result, we justify the fact that benefits derived from natural capital logically go to the individual or group that has gained ownership. In doing so we ignore the rights/responsibility equation. We need to question the moral logic of absolute ownership.

In a democracy, what right do we have to privatize and use earth assets for personal gain? Better said, how do we rightly assign the rights and responsibilities of being stewards of particular pieces of the earth? These are questions that we must allow ourselves to be challenged by at all scales, from local communities to the community of all people in the world, utilizing the criterion of justice in the use and care of the earth and each other.

A serious argument can be made that the built environment becomes also a part of the commons. As explained earlier, the claim on commitment used to construct the built environment was the result of privatizing and controlling the commitment of the citizens of the community where it was built.

The claims on commitment created by private banks and their owners were acquired through the ability to create fiat money without acknowledging the corresponding commitment on the part of the users of the money they created. This corruption of the money system made possible the use of raw power through profit.

What is legitimate to privatize? The natural environment was here before we came on the scene. The built environment was funded by the populace; much of both are rightfully kept as commons.

We have to learn to dispense with the concept of ownership, and instead consider rights and responsibilities of management. The homes we live in and personal tools we use, *may be* considered appropriate for private ownership. Other than that possibility, little else is legitimately privately owned in a democracy. Everything else is part of the commons to be managed by humans as stewards. Again, decisions on this issue must be made at the community level, utilizingthe moral measures of cooperation, justice and compassion, the rights/responsibility equation in action.

However the community level for stewardship of resources such as clean air, clean water, and non-renewable resources includes all of humanity. Humanity is also responsible for humanity. The majority of savings, in this context, is a part of the commons. Working together to provide insurance against risk is a community effort.

Related to physical assets is the question of knowledge; intellectual assets that are created by people, human intellectual capital. Copyrights and patents now give their owners the right to control intellectual property, making it possible for them to receive a private tax by charging more than their effort, and/or worse yet, preventing the general production of, and innovation on, new technology. We must ask whether these rights are valid in a democracy.

The drive for profit as the primary directive of the present money system is a major motivation for militarism, bullying, promotion of fear and anger in the population, terrorism, the idea of "take care of number one" without consideration of others, and many other ills. Creative human capital is capital that provides for the provisioning of goods and services useful to its users, not fear and bullying.

The present system creates nefarious human capital as well as unwanted debt. Cancellation of debt is not even considered by most economists. One exception is Michael Hudson. However write down/cancellation of the debt created by our present money rules is going to have to be a part of the move to a democratic money system and economy. Bailing out those who will lose power as we become more democratic economically will only continue bad aspects of the status quo.

Both production for use, and innovation need to be considered in terms of their value to society and how much the producer or innovator will rightfully claim for their time and effort. Copyleft and Copyfair are attempts to open this discussion. Open source, democratic, not for profit, people created money supports this paradigm. In removing the profit motive from the structure of money, the motivation for trade becomes the act of provisioning, rather than profit.

So if we want a world that is sustainable, resilient, and promotes justice for all, it is imperative that we change the way we do money. The present system, with its requirements for exponential growth and continually increasing the divide between rich and poor is inconsistent with these goals.

Georgist thought is relevant to this issue. What Georgists call land rent is an example of the unearned portion of profit, in this case derived from ownership of land. Implied in the Georgist land tax is a responsibility to the greater good of the local and the larger community of humans and nature that comes with the right to be the steward of that land.

The work of Elinor Ostrom is also relevant to our discussion.

Ostrom's first four principles describe the values that guide the appropriate use of the commons: "1. Define clear group boundaries. 2. Match rules governing use of commons goods to local needs and conditions. 3. Ensure that those affected by the rules can participate in modifying the rules. 4. Make sure the rule-making rights of community members are respected by outside authorities."

Her fifth through seventh principles discuss the values that are involved in enforcement: "5. Develop a system, carried out by community members for monitoring members' behavior. 6. Use graduated sanctions for rule violators. 7. Provide accessible, low-cost means for dispute resolutions."

Ostrom's eighth principle for managing commons describes the nesting of scale "Build responsibility for governing the common resources in nested tiers from the lowest level up to the entire interconnected system."

Ostrom's principles are impossible to initiate in the context of the values built into our current money system. Removing the unearned portion of profit from the structure of money is a necessary step in the process of change. Simple money does so, and unlike our present money, follows all of Ostrom's principles in its organization.

Trust in the present money/financial system is waning. Its need for exponential growth is not consistent with a finite economy, so it is not long for this world. We need to be creating an alternative that is viable, and consistent with democratic values.

Simple money can do this. Centering the power of money creation locally in a nested system, and structuring it to promote provisioning instead of profit, makes localization of other institutions and habits that don't happen in the context of the present money system viable. Communities can more easily come together to support their needs.

At the same time we have to realize that we are all enmeshed in the present *system, which makes it difficult to see it as it is. Because those of us who are not on the edge also benefit, through investments and interest income, its structure is justified in our minds.*

Finding ways to deal with or replace the income received by small savers, and redistribute or cancel that of those who have gained much wealth as a result of their operation and manipulation of the current money system, are issues before us. Some of this will simply happen as the present system collapses and is replaced by a sustainable and resilient money regime .

Conclusion: How do we get to better money?

" If we regard money as a thing, it becomes a given, and we lose our ability to change it in any way. . . . When we understand that money is created by a set of understandings and practices, we can begin examining the terms of these agreements to see whether they actually serve our collective aspirations and objectives. Currencies can be redesigned to better meet our needs." Bernard Lietaer

Following Buckminster Fuller's idea that we don't concentrate on what is wrong, but on creating institutions that serve those of us who use them, and exhibit moral values that are consistent with what we need and want, we create a new system, and let the old one go its own way, as it doesn't serve our use.

Unlike government issued money, simple money requires no legislation for its introduction. It can be introduced by its users. It will initially not be coin of the realm; useful in payment of taxes, but it will be useful to its users, and will demonstrate this usefulness to them, and those they deal with. Acceptance can be gradual, as approval is gained. It can support alternative businesses and institutions in their development and operation. In time, simple money can be acknowledged as official coin in local jurisdictions, and then larger ones.

Open source blockchain accounting systems are the natural form for mutual money to be organized with our present technology. However in setting up democratic blockchain platforms, it is important that all the values built into the simple democratic system are implemented.

Instead of 'mining' for money, money will be created as a commitment to other members of the community. Balances will revolve around zero instead of always being positive to maintain the zero sum game. With these provisions, the money supply is automatically regulated.

It is important that systems be limited to a community scale, and that users know who each other are, so trust can be informally as well as formally supported. Structures need to be put into place so that users set limits on positive and negative balances, to prevent abuse. Crowd funding can be structurally facilitated, as well as community funding.

Another necessary criterion is to choose a universal unit of account that is representative of the work performed and traded. Remember from our earlier discussion that what we trade is our willingness to spend our time doing something for others that we can do, and trading that time and effort for the time and effort others spend doing what they do..

Though imperfect, the hour of work is the best indicator we have of time and effort for a money unit. It will have to be used flexibly, as some work is more stressful and/or dangerous than others, and some work is less desirable than others. The place of prestige in considering the value of current highly paid work will inevitably grow less. What is now seen as low prestige work, will make gains.

The hour of work as a measure of value reflects the idea of the disaggregation of profit. It values the time of all traders as of more or less equal value, rather than what the market will bear. We need to replace the word profit with the names of its components; value of work done, and private tax on the market.

A very small charge on outstanding balances, both positive and negative, will be appropriate to cover system expenses and promotion. This would be a lesser expense than current charges for credit and debit transactions.

Local, democratically created money can be used to promote the local economy and do things that for profit money doesn't support. We can concentrate on local needs instead of how to get enough money to export some of it to Wall Street as a private tax to benefit the 1% and .001%. Bernard Lietaer has noted that when this type of system is put in place, it promotes the gift economy, a way to contribute without having to be paid.

The biggest challenge is maintaining circularity in system operation. It is imperative that all users be able to both earn and spend in equal amounts. Success depends on circularity, just as the success of a natural ecosystem depends on circularity.

As communities become more cohesive by making financial decisions together, and relate to other communities in the same way, the influence of mass media to manipulate opinion and knowledge will weaken. Reality about the state of the world and its problems will become more obvious.

Climate change, extinctions, degradation of soils and habitat which we depend on for our food supply, financial institutions taking advantage of their clients, militarism, etc, etc, can be dealt with, as is already being attempted in some localities. Government taxes will need to be looked at, to see if they serve the people who pay them. This will require pressure for participatory budgeting at all levels.

According to Ellen Brown, the central banks see the advantages of block chain money, and are considering opening their own platforms. Getting distributed power blockchain platform systems in place before autocratic blockchain platforms gain strength would facilitate acceptance.

Are we ready to replace our present money with money that works for us instead of us working for it, or are we going to try to fix it with half way measures or leave it in place and attempt to control it? Neither of the last two choices has a good long term prognosis.