

# The Economics of Peace, Justice and Sustainability

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Toward a  
New *Convivial* World Order

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# Three Levels of Change

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- 1. Individual**-the roots or war are first of all in our individual consciousness—our values, attitudes, and beliefs.
- 2. Interpersonal**-our collective consciousness and cultural conditioning.
- 3. Structural**-the political, economic, social, and religious structures and institutions.

# POGO:

**WE HAVE MET  
THE ENEMY  
AND HE IS US**



**War is a  
symptom of  
Humanity's  
auto-immune  
disease**

# The Old World Order

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Based on belief in

- ☐ Separateness
- ☐ Scarcity
- ☐ Violent conflict and competition
- ☐ Command and control
- ☐ Elite rule
- ☐ Immutable and “sinful” human nature

Favors **large scale hierarchical organization** and **centralized control** to impose order and mitigate risks

# *The New World Order*

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- ❑ Based on the same values and mindset as the “Old World Order”
- ❑ Further centralizes and consolidates power, by weakening national governments and bringing them under the control of global financial and industrial corporations that are in the hands of a political elite, leading to

**A global totalitarian “super-state”**

# The New World Order

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*"The powers of financial capitalism had a far-reaching plan, nothing less than to create a world system of financial control in private hands able to dominate the political system of each country and the economy of the world as a whole... Their secret is that they have annexed from governments, monarchies, and republics the power to create the world's money..."*

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

# The New, “Convivial” World Order

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Based on belief in

- ❑ The Oneness of all life & Human Unity
- ❑ “Abundant sufficiency”
- ❑ Non-violence, sharing, and cooperation
- ❑ Collective intelligence and community self-government
- ❑ Potential for human improvement

Favors **diverse, decentralized, small-scale** systems and communities that enable freedom and self-expression



**From**

- Superfluous accumulation,
- Violent conflict, and
- Wasteful consumption

**To**

**Sustainable conviviality**





# Old “Caterpillar” Economics

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## Promoted

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

## **The Consumer Society**

# New “Butterfly” Economics

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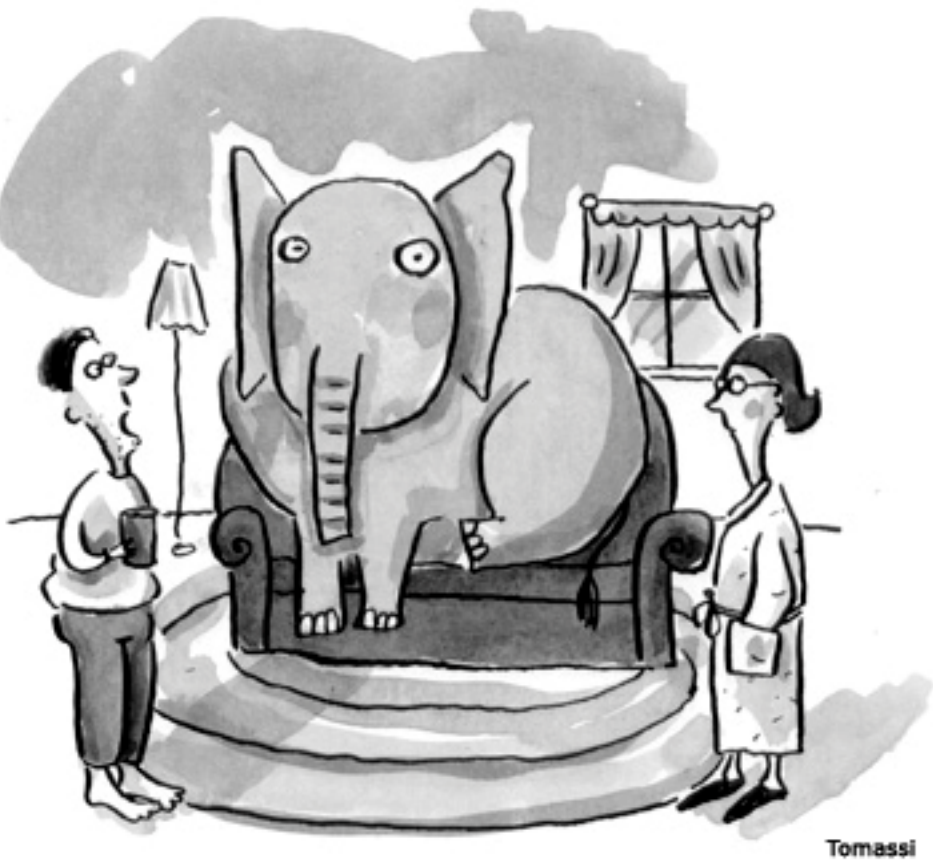
## Promotes

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

## The Convivial Society

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# Money is the Key



- ❑ Specialization of labor means that we must acquire most of what we need by trading with others.
- ❑ Money has been politicized and monopolized, and made an instrument of power.
- ❑ Whoever controls money controls everything.

# Money – the Primary Lever for Centralizing Power and Concentrating Wealth

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- ❑ ***Whoever controls the volume of money in any country is absolute master of all industry and commerce.***
  - President James A. Garfield
- ❑ ***Those who create and issue money and credit direct the policies of government and hold in the hollow of their hands the destiny of the people.***
  - Sir Reginald McKenna, former President of the Midland Bank of England
- ❑ **...I sincerely believe, with you, that banking establishments are more dangerous than standing armies; and that the principle of spending money to be paid by posterity, under the name of funding, is but swindling futurity on a large scale.**
  - Thomas Jefferson, 3rd US President, in a letter to John Taylor

# The Economics of War

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*The political money system starves productive enterprise but finances lavishly the destructive activities of war.*

*...as long as our governments are vast counterfeiting machines, Mars can laugh at peace projects.*

**-- E. C. Riegel**

# The Central Government-Central Bank Nexus

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- ❑ The Bank of England was the prototype central bank.
- ❑ The banking cartel enjoys special privileges granted by the government.
- ❑ The government, in return, gets to spend as much as it wants without regard to limited tax revenues (by deficit spending).

Money Power is the Mother of All Monopolies

# Dysfunctions of Conventional Money and Banking

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## **The Growth Imperative**

Institutionalized interest/usury forces cancerous growth.

- ☐ Money is kept artificially scarce
- ☐ Money is mis-allocated
- ☐ Money is expensive

Concentrates power and wealth in the hands of a few unelected people who are unresponsive to the needs and wishes of the people.



# The Substance of Modern Money is Credit

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Modern money is nothing more than credit - a promise.

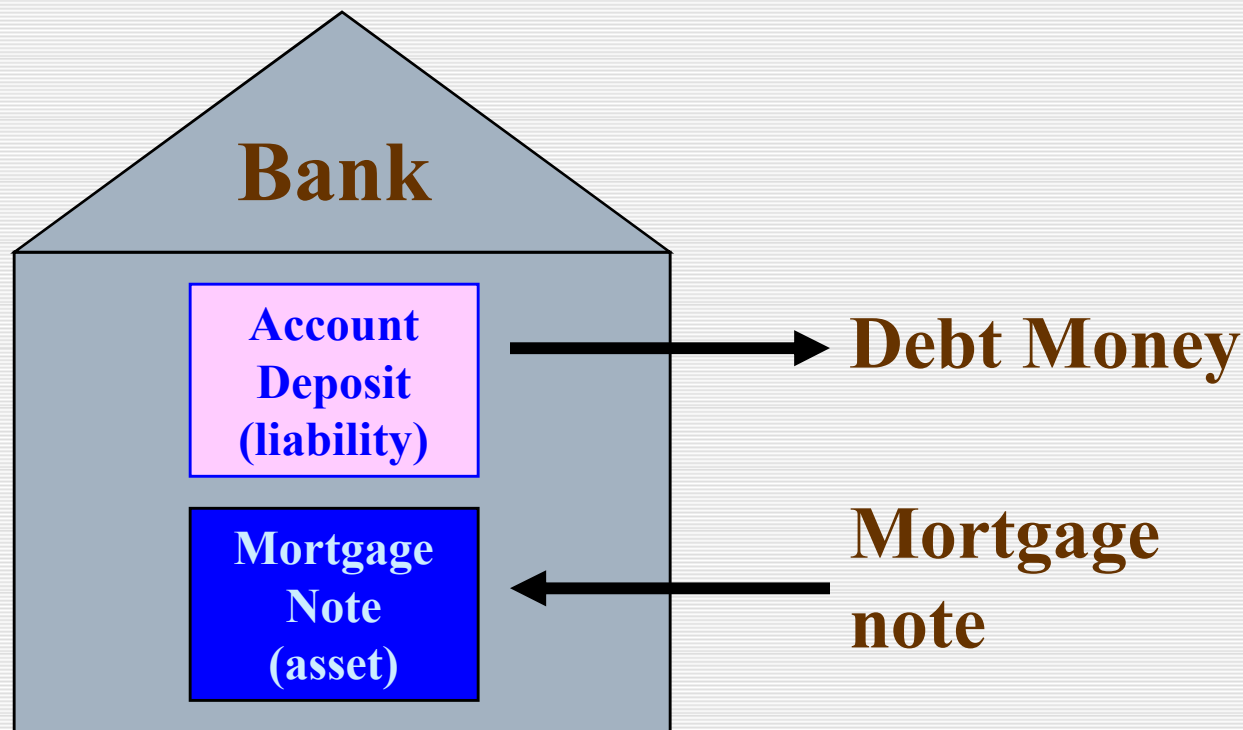
Money typically takes the form of

1. Bank deposits that are created when banks make “loans,” or
2. Currency notes emitted by the central bank.

Why do we trust these forms of money?

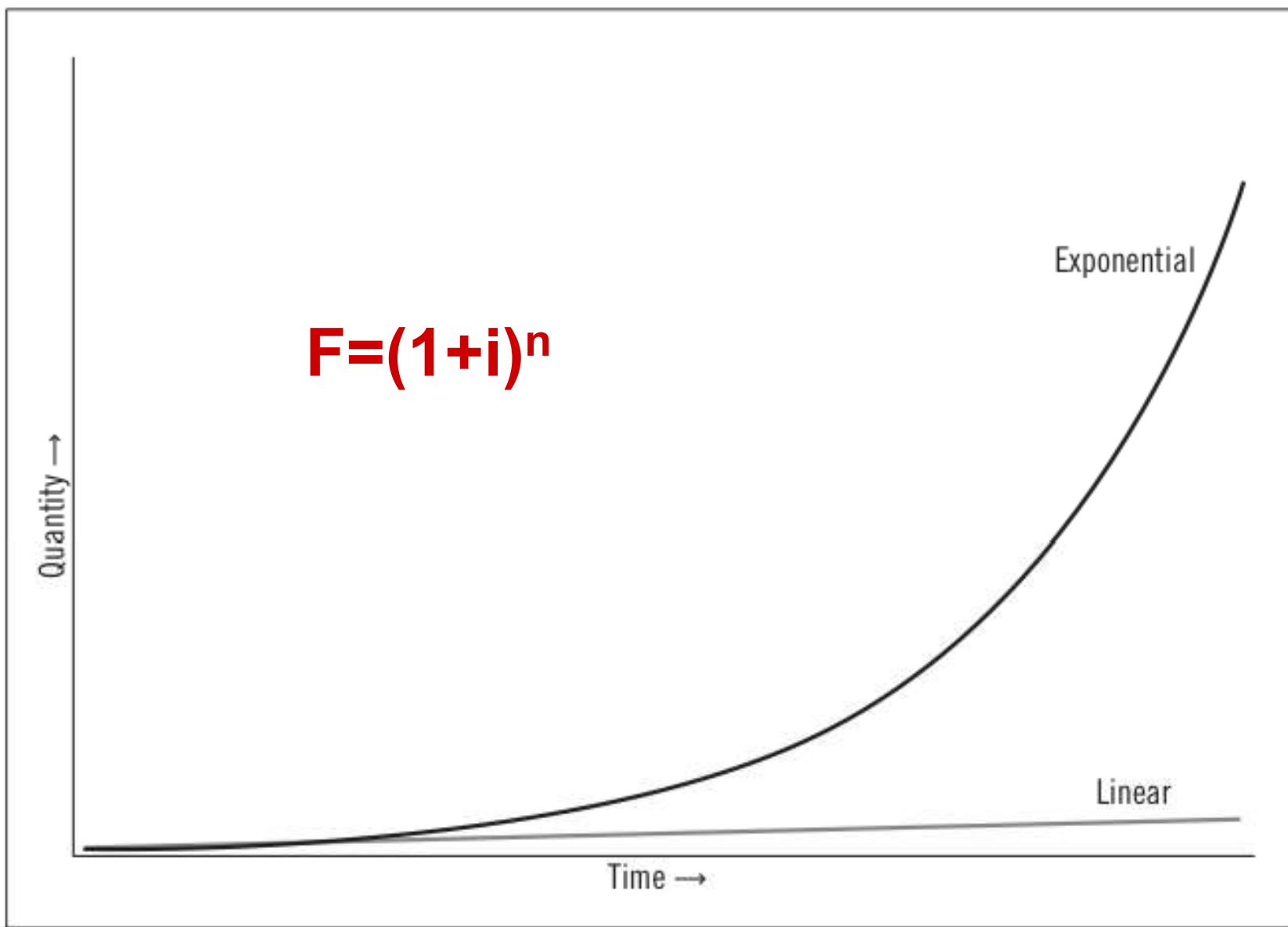
# The Creation of Bank Debt-Money as Deposits

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Banks create debt money in the form of bank account “deposits” when a “loan” is granted.

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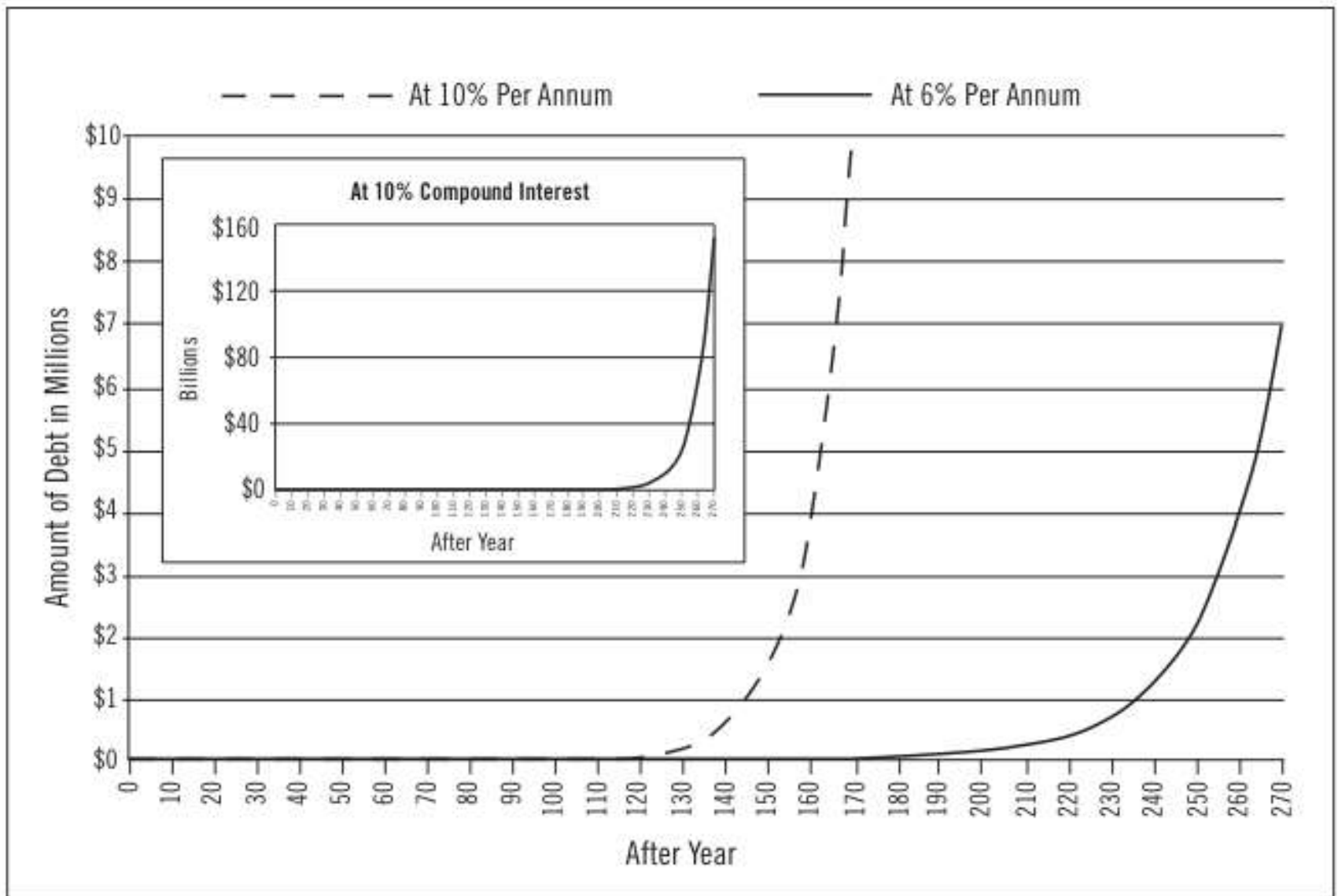


**Figure 2.1** *Exponential and Linear Growth over Time*

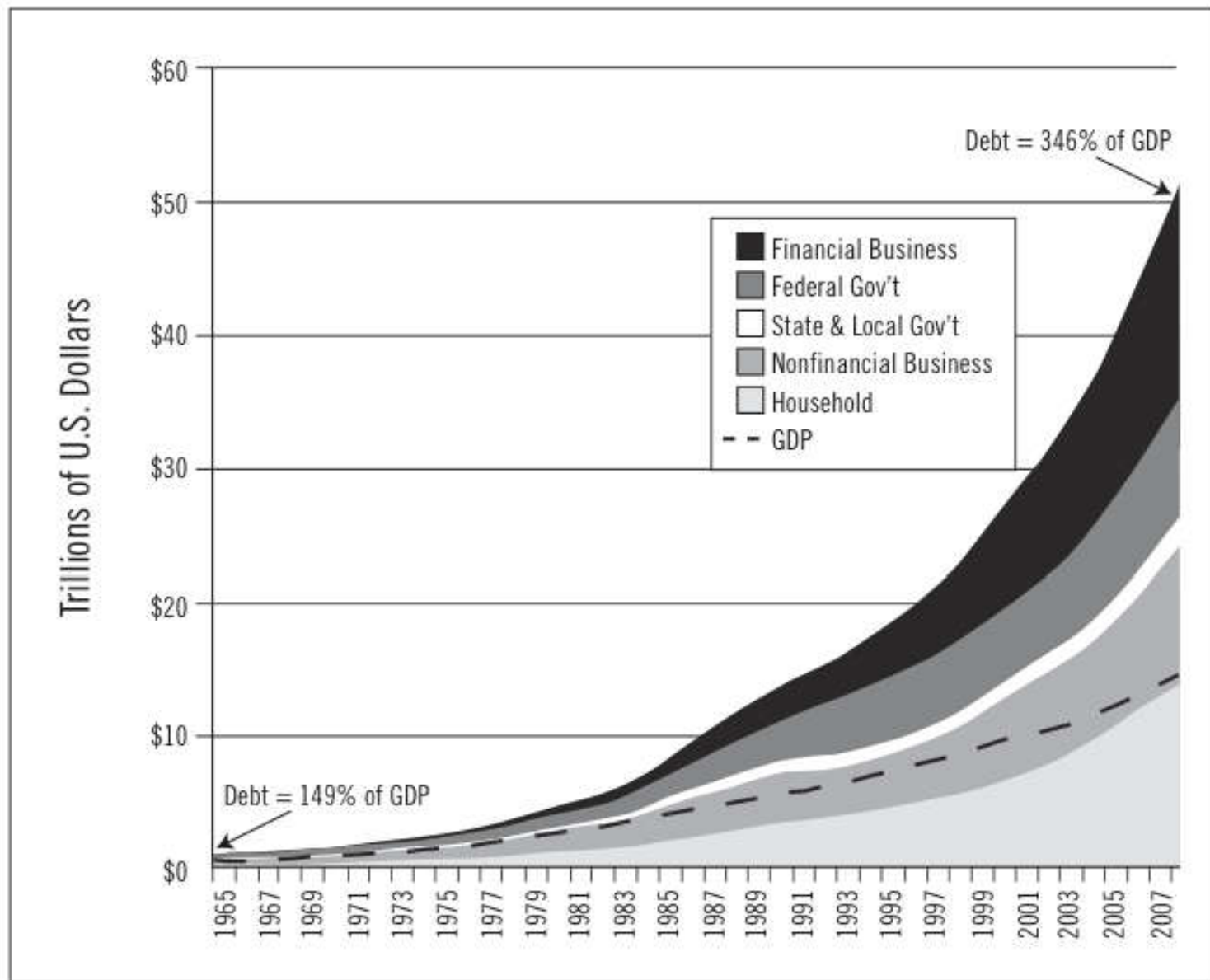
# Growth of **One Dollar** at Compound Interest

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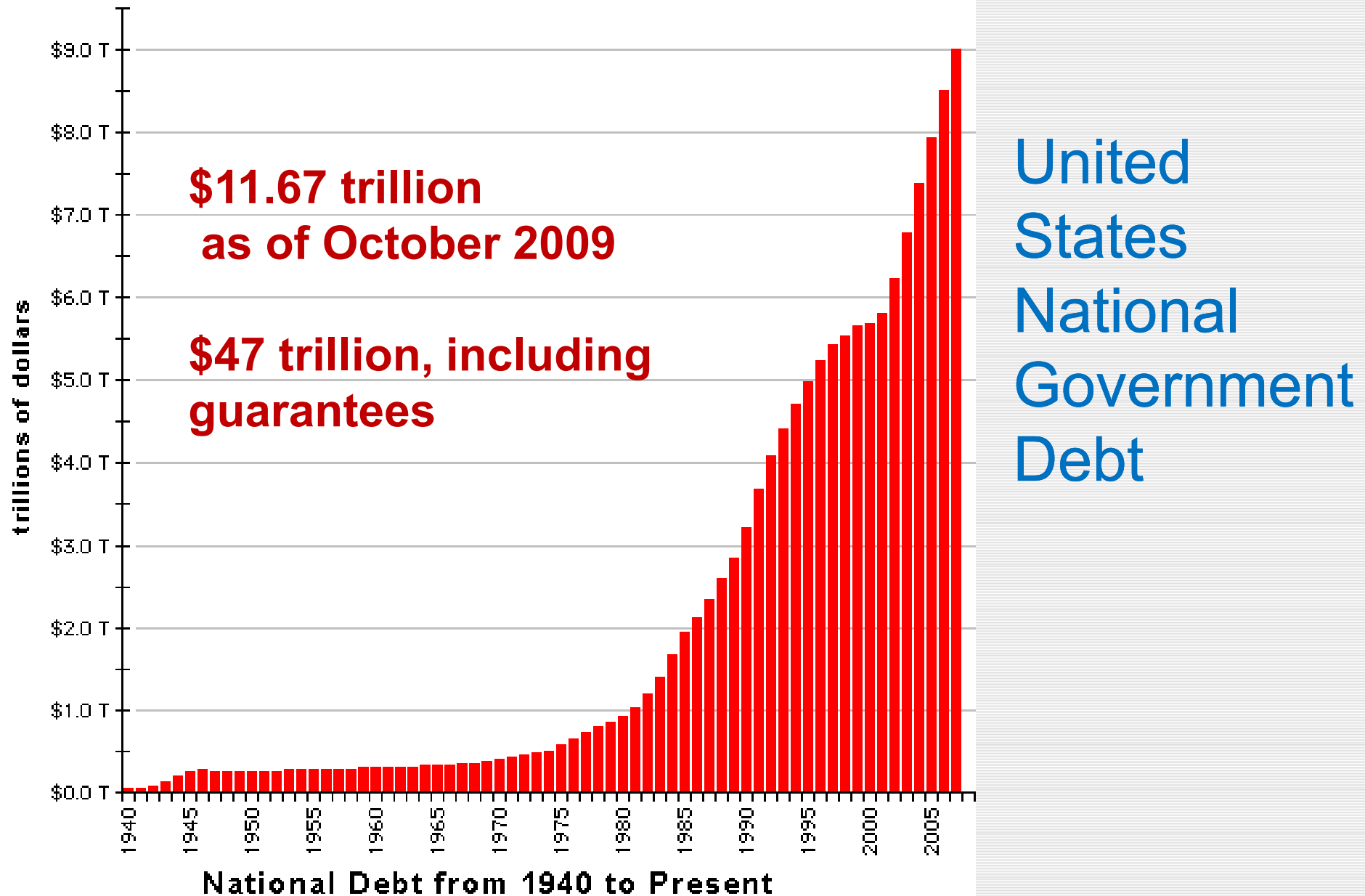
	6%	10%
50 years	\$18.42	\$117.39
100 years	\$339.30	\$13,780.65
200 years	\$115,124.	\$189,906,200.



**Figure 6.1** *Growth of One Dollar of Debt at Compound Interest*



**Figure 6.2 Actual Growth of Debt in the United States**



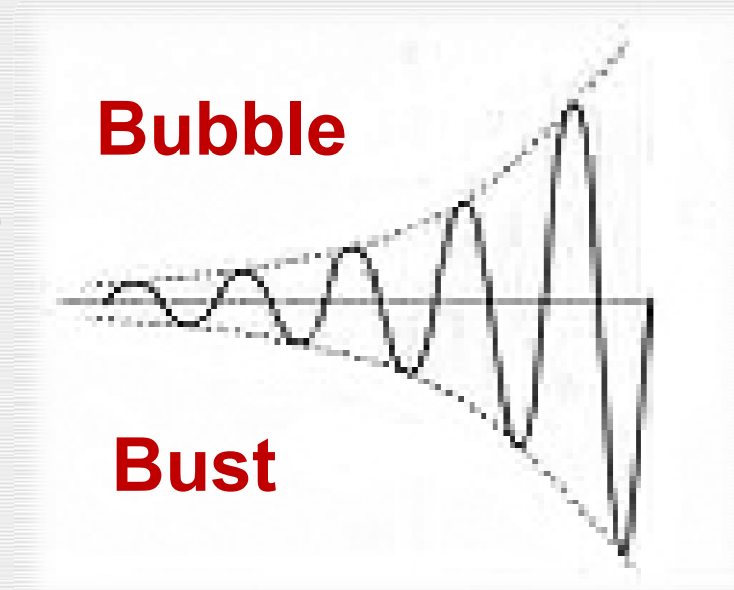
**Source:** U.S. National Debt Clock  
[http://www.brillig.com/debt\\_clock/](http://www.brillig.com/debt_clock/)



# Systemic Failure of Money and Banking

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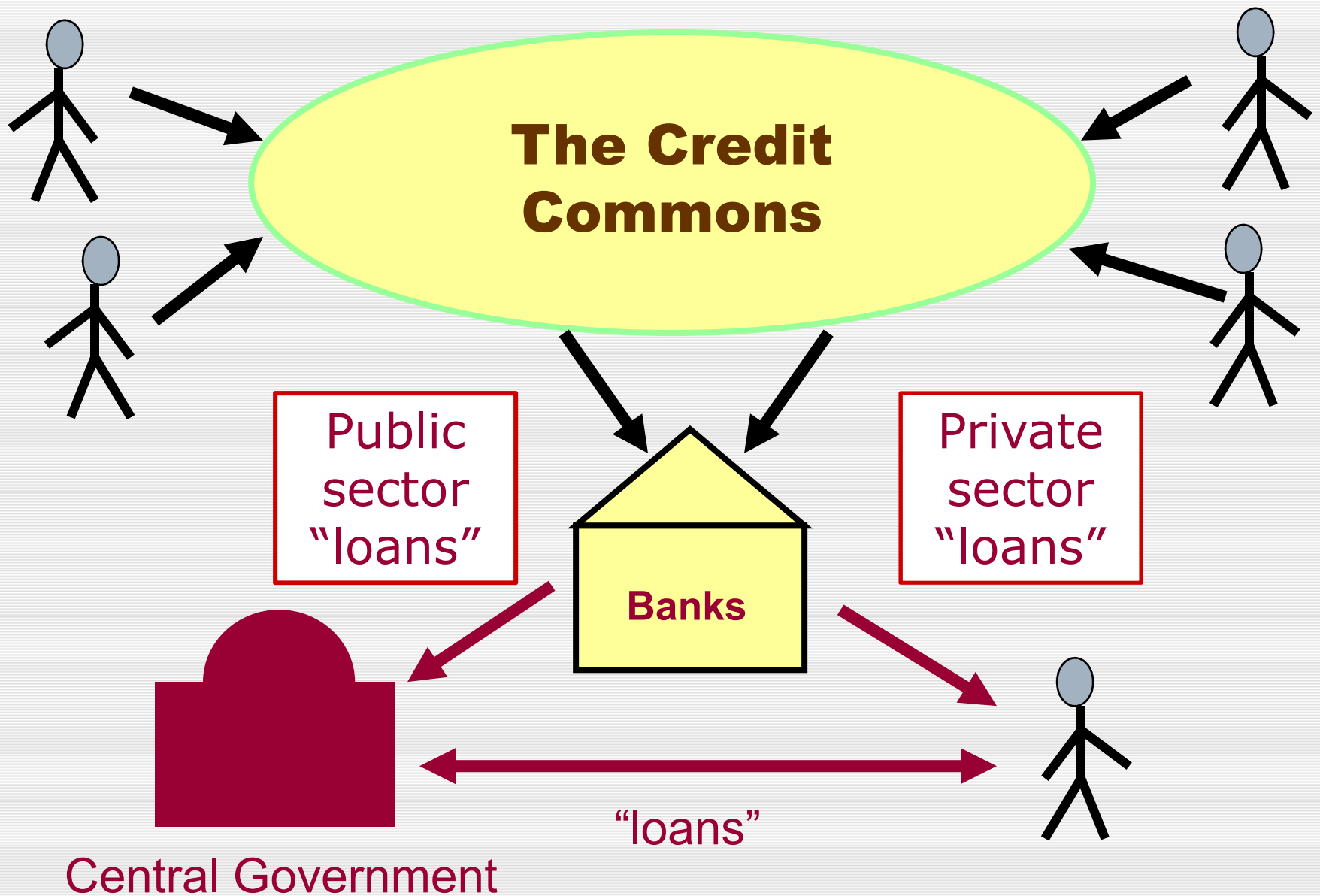
- ▶ **The political money system is shaking itself apart**
- ▶ Bubble-and-bust cycles are becoming ever more extreme
- ▶ The Humpty-Dumpty syndrome



# Essential Elements of the Political Money System

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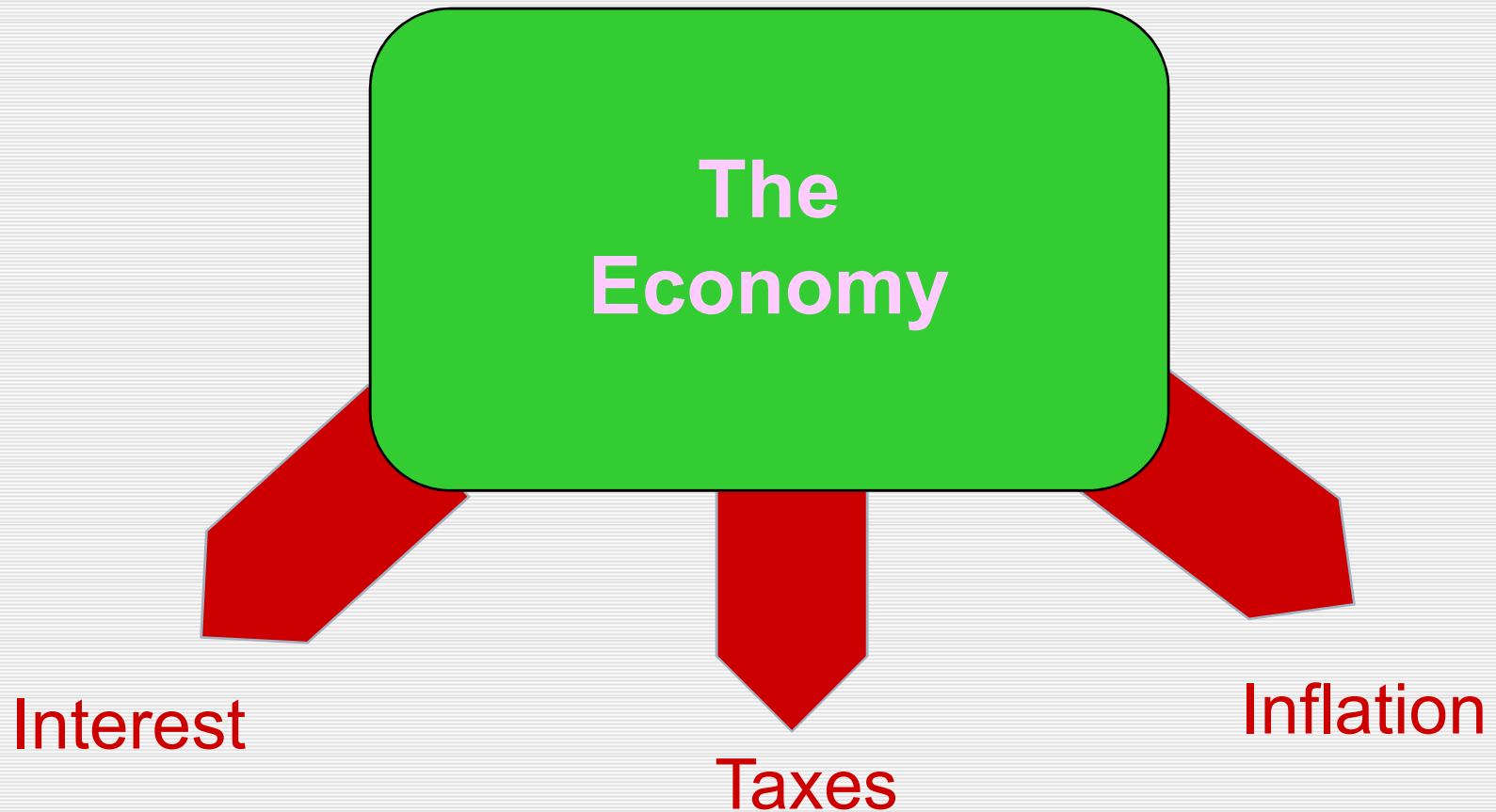
- ❑ **Credit Monopoly** by the banking cartel headed by
- ❑ **The central bank**, whose currency is granted the privileged status of
- ❑ **Legal tender.**
- ❑ Credit money lent into circulation at **interest**, which requires the
  - **Endless expansion of debt**
  - By lending to either the **private sector** or the **public sector.**



**The Credit Commons can be accessed only by  
"borrowing" from banks!**

# Parasitic Drains Finance War

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# Financing the War Machine

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## □ **Interest/Usury**

- Institutionalized usury forces economic growth, concentrates power and wealth, creates class conflict

## □ **Inflation - *The hidden tax***

- Deficit spending lavishly finances the war machine and imperial domination by debasing the currency

## □ **Taxation – Centralized, Unfair and Excessive.**

- Centralization of taxing power taxes the wrong things, enables domination, and redistributes wealth to favored clients

# The True Purpose of Central Banks

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1. To enable profligate deficit spending by national governments.
2. To enable the monopolization of credit and the practice of usury by the banking cartel.

This is achieved by means of legalized counterfeiting supported by legal tender and other laws that restrict personal freedom and competing options.

\* addicted parent

# Abuse of Legal Tender

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Salmon P. Chase:

- ***The legal tender quality is only valuable for the purposes of dishonesty.*** Every honest purpose is answered as well and better without it.
- *When the government compels the people to receive its notes it virtually declares that it does not expect them to be received without compulsion. It practically represents itself insolvent.*



# Unreliable Bank Credit

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- **The availability of credit to the productive sector, especially to SMEs, is becoming ever more uncertain and unreliable**
  - The political money system favors the demands of
    - ❖ BIG banks,
    - ❖ BIG corporations and
    - ❖ BIG government.
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# Toward an Economics of Peace

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- Need to transmute the growth imperative into a “sustainability imperative”
- Need to align private interests with peace and the common good?
- Need to structure our institutions to assure harmony and restrain sociopathic inclinations?

**Rethink**

**Reorganize**

**Restructure**

# **Reclaiming The Credit Commons**

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**The Key to Sustainability,  
Relocalization, and a  
Dignified Life for All**

# Power Shift!

## Invest in the Butterfly, Not the Caterpillar

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### □ Reclaim the Credit Commons by Reorganizing the Exchange Function

- Organize and use community exchange systems and complementary currencies that **monetize the local value-added.**

### □ Invest in the Butterfly, Not the Caterpillar

- Spend locally
- Save locally
- Invest locally

Should be consistent with your values and in support of your local communities.

# Relocalization - Building Safe Harbors



*A rising tide may lift all boats, but the tidal wave of globalization smashes all but the biggest.*



# Community Empowerment Through the Liberation of Exchange and Finance

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How to *Insulate*, but not *Isolate*, the local economy to:

- ❑ Reduce exploitation,
- ❑ Enhance economic vitality,
- ❑ Enable self-determination, and
- ❑ Optimize the community's standard of living and quality of life?

# How to Reclaim the Credit Commons?

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## **Job #1**

Communities must become less dependent on political currencies as **means of payment**.

## **Job #2**

Communities must become independent of national currencies as **measure of value**.

- ☐ People have the right to decide who they will trust and what form of payment they will accept.
- ☐ It is our credit and we can allocate it directly to one another, as we wish, preferably through cooperative associations.
- ☐ People have a right to choose the value units they use for accounting and contracts.



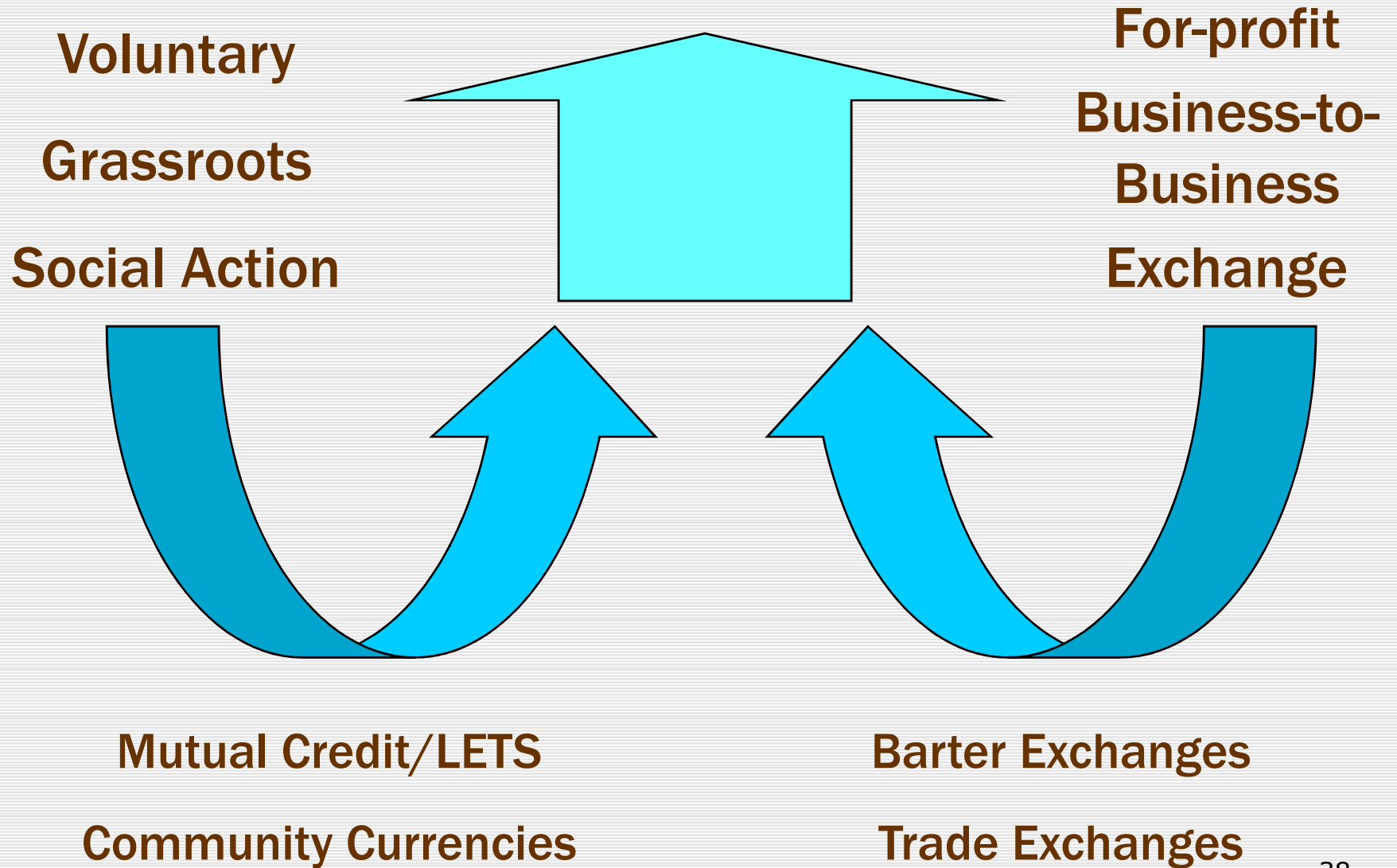
# Liberating Exchange

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## □ Two Synergistic Approaches:

- Mutual Credit Clearing Exchanges
- Complementary Private Currencies

# Main Currents of Alternative Exchange



# Community Currency Issuers and Their Basis of Issue

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## ☐ Municipalities

- Anticipated tax revenues
- Fees charged for services

## ☐ Businesses

- Capacity to provide goods and/or services

## ☐ Associations of businesses and/or local governments

- Cooperative agreement to issue currency, based on any or all of the above

# The WIR Model

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The WIR Business Circle Cooperative has demonstrated

- ❑ **the power of direct credit clearing** both in times of financial crisis and in normal times, and
- ❑ **its competitive superiority** to conventional money and banking in facilitating the exchange of goods and services among businesses.



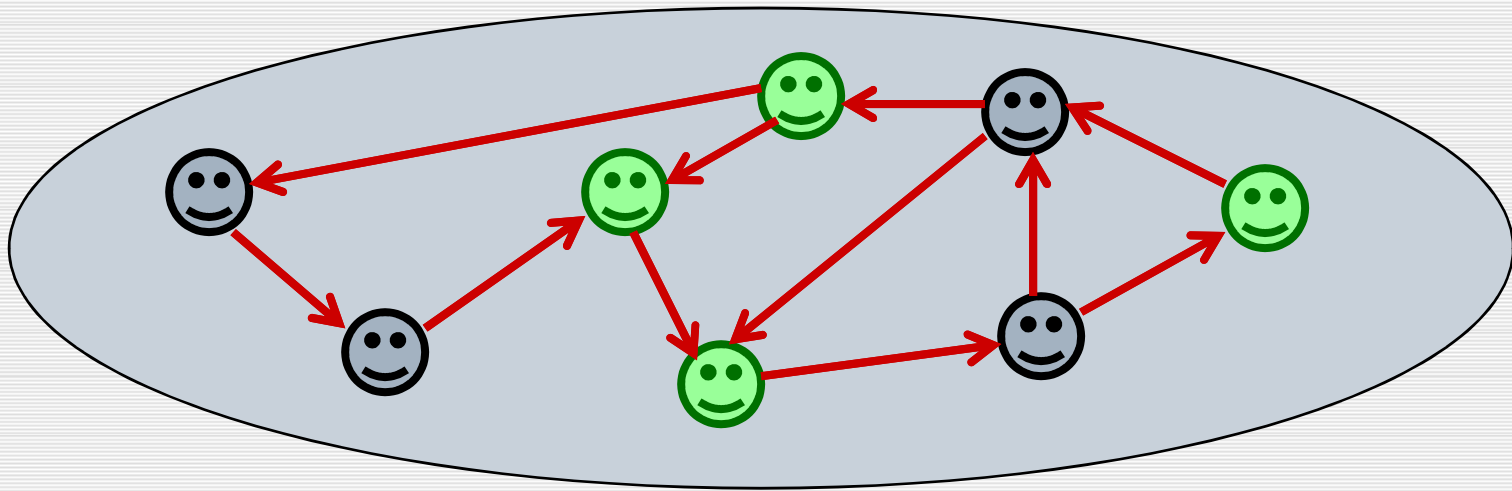
- ❑ The Swiss WIR Bank is a prime example of a successful credit clearing association.
- ❑ Established in 1934, WIR continues to thrive.
- ❑ WIR Bank now serves more than 60,000 small and medium sized business members.
- ❑ Credits cleared: US\$1.35 billion (2004)

# Mutual Credit Issuance and Circulation

**Member - Issuers**



**Member - Non-Issuers**



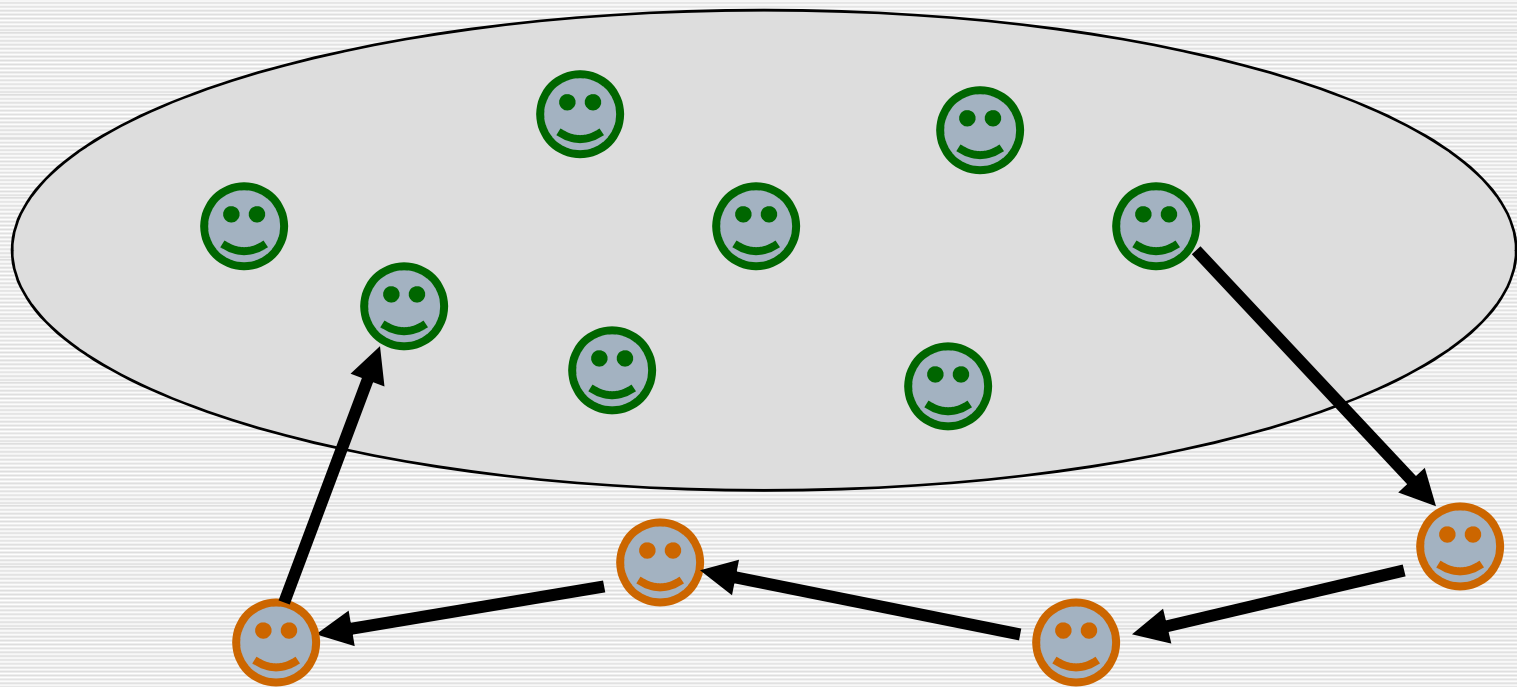
## **Mutual credit clearing association**

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

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

# A Regional Currency Based on Credit Clearing

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



# Mutual Credit Clearing Associations and Community Currencies

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Provide Exchange Media That Are:

- Abundant
- Community controlled
- Democratically allocated
- Interest-free
- Self-adjusting
- Stable and Sustainable



# Why Community Currencies Often Stagnate or Fail

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- ❑ **Failure of reciprocity** (non-redemption)
  - **System design flaws**
    - ❑ Improper basis of issue
    - ❑ Over-issuance, inadequate account limits
    - ❑ Lack of clear agreement between issuers and users
  - **Management issues**
    - ❑ Lack of accountability and transparency
    - ❑ Inadequate management procedures and controls
    - ❑ Overreliance upon volunteer administrators
    - ❑ Failure to respond to internal or external threats
- ❑ **Scale and scope**
  - Failure to achieve critical size
  - Limited number of issuers and narrow range of goods and services offered.
  - Failure to penetrate all levels of the production/distribution circuit
  - Failure to gain wide acceptance within the mainstream.

# A Truly Empowering Currency

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- ❑ Issued on the basis of the transfer of real value (goods and services)
- ❑ Without the “help” of conventional banks
- ❑ Is **NOT sold for cash**
- ❑ Thus, adds to the supply of locally available exchange media (money of a different kind)

# My 5-stage Prescription for Community Economic Development

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1. Institute measures that promote **import substitution**
2. Organize a credit clearing association to **provide an alternative means of payment**, independent of any political currency or banking establishment
3. Issue a supplemental regional currency
4. Develop social capital and basic support structures that strengthen the local economy and enhance the community's quality of life
5. Develop an independent value standard and unit of account

# Benefits of Community Currencies and Exchange Credits

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- ❑ Provide an independent means of payment, reducing dependence upon borrowing from banks, thus reducing the risk of insolvency and saving interest costs.
- ❑ Can circulate throughout the local area, supplementing the supply of scarce official currency and bank credit.
- ❑ Enable local businesses to better compete with large corporate chains.
- ❑ Enable more complete use of available labor and production capacity.

**The Time is Now!**

**We Have the  
Power!**

# Resources

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## □ Websites:

[BeyondMoney.net](#)

[ReinventingMoney.com](#)

## □ Books:

*The End of Money and the Future of Civilization* – Greco

*Money: Understanding and Creating Alternatives to Legal Tender* – Greco

*Money and Debt: A Solution to the Global Crisis* – Greco

*Flight From Inflation* – Riegel