

Voice

10 Questions With...

Bernard Lietaer:
"We have the possibility to create a Golden Age of Sustainable Abundance"

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.



Bernard Lietaer

Lietaer, a native of Belgium, is currently a research fellow at the Center for Sustainable Resources of the University of California, Berkeley; beginning in the

fall of 2003 he will be a professor at Naropa University in Boulder, Colorado. 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, where he also was 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 has the ability to engender unfathomable suffering and hardship. It's truly a mysterious thing." Voice recently talked with Lietaer about these mysteries, his book, *The Future of Money*, and about his views on how different thinking about money and money systems could bring us a very different future.

1 How did you get involved in this "higher level" thinking about money?

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 on one day and multinational corporations the next, then being a university professor one year and president of a major electronic payment system the next—all these experiences force one to integrate 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 who were respected, and those with money. In India, for example, the brahmin, the highest caste, used to live in the simplest houses in a village, while the most ostentatious houses belonged to the merchants, who were in the lower caste. 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, during the Ancient Regime, an aristocrat who engaged in commerce would be stripped of his title. This was less the case in England, however, which is why the "landed" and the aristocrat 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

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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, is designed to keep about one-third of the world's population having less money than they need.

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.

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

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 pre-history. 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 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! In my work, I'm trying to draw people's attention to money, our last taboo.

5 Your views on money and money systems—such as their relationship to the serious consequences of breakdowns in community—sound like they have as much to do with values as with money. Is that more what this is 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. 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 fantasy that money is value-neutral, these discussions could go on forever. We tend to say, oh, people may be poor because they're poorly educated. But if you make somebody poor enough, they won't be able to get an education. 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 prohibited by our money system—because it is programmed toward short-term thinking.

6 Tell us what you mean by "sustainable abundance."

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 simply will 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

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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 United Kingdom, for instance, you can purchase goods at Sainsbury, the largest supermarket chain in the country, with British Airway miles. More than 40 percent of frequent flyer miles are now earned in a way other than buying an airline ticket, and more than two-thirds of British Airways miles are now used for something other than buying a ticket.

7 Why do you think these complementary currencies, some in use in America, are important? What is their future?

Let's take a concrete example of how complementary currencies could address three typical problems in American 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 it as they do not tend to source their goods or services in the local economy. Such area-specific loyalty cur-

rencies have proved to give locally owned businesses in the United Kingdom an effective tool to thrive and a way to keep 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 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 this is just theory—each component of such a strategy has already been tested out successfully somewhere in the world.

8 Why isn't it enough for people to just 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 suddenly become valuable twice. One result: burnout rates among volunteers drop dramatically with complementary currencies. This is not magic.

More on Money

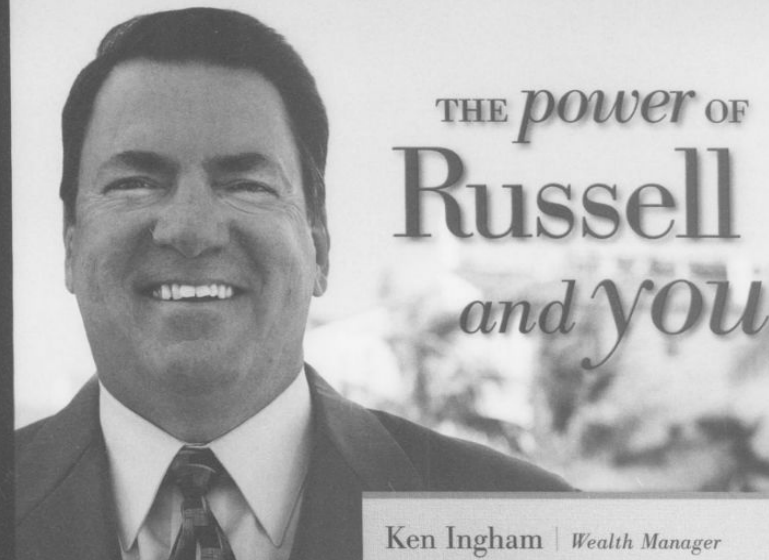
Bernard Lietaer's *The Future of Money: Creating New Wealth, Work and a Wiser World*, published by The Random House Group Limited, can be ordered on www.amazon.co.uk. His new book, *Human Wealth: Money Beyond Greed and Scarcity*, is available and can be ordered by calling (303) 474-4223 or sending e-mail to humanwealthbooks@aol.com. Information about complementary local currencies—some 1,900 communities around the world, including more than 100 in the United States, are now issuing their own currency—can be found at www.timedollars.org. An online conference about Lietaer's money views can be found at www.transaction.net/money/. If nothing else, read Lietaer's "fairy tales."

And nobody can "freebie" the system and demotivate everybody else. In communities where there is such a local complementary currency, there's actually more volunteering going on, 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.

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

There may be local currencies in your

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area, but you may not know about them. In the United States, 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 conventional programs. "Time dollar" systems tend to work best in homogeneous communities that don't have much cash. Therefore, they're most often used by students, the unemployed, retirees. That's fine as far as it goes, but because they don't include businesses, there's a big impediment for them to really go mainstream.

A more integrated local currency takes more planning, needs more infrastructure and must include local businesses. But these types are also 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, ten 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 several of our most pressing social issues.

10 What should the average person or average planner take away from this?

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. ☐

Talking Point

Team Bush: What Are You Learning from Our 43rd President?

These are not easy times to be an American. Nor are they easy times to be an American president. No matter your politics or views on the conflict in Iraq, many people believe that we can take some leadership lessons from the Bush White House. Do you? What kind of lessons are you finding—on leading, unifying (or not), assembling a management

team, implementing good public communications, or other areas—from the third year of our 43rd president? And how can you apply these to your practice as a financial planner and to your relationships with your clients? A few of your fellow planners, members of the

Nazrudin group, recently exchanged comments on Bush's presidency after his January State of the Union address. A sampling of their opinions ranged from the conflict in Iraq

being "the defining event of the decline of the Bush presidency" to imagining that he's building "a bridge for understanding and the beginning of discourse" to

"an utter lack of respect for and willingness to try to know and understand our brethren and their cultural paradigms."

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