



Prof. Dr. Margrit Kennedy

**If Money Rules the
World**

Who Rules Money?

Part One: Three Misconceptions about Money

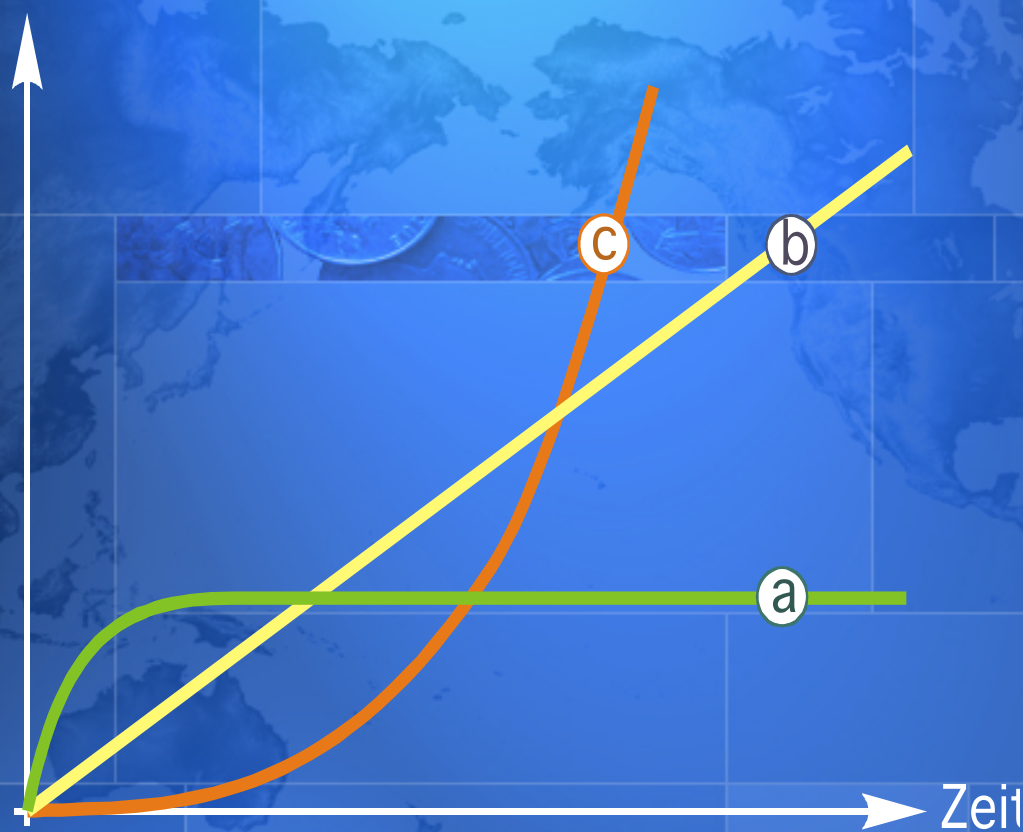
Part Two: Results

Part Three: Solutions

**Part Four: Reasons for
Multiple Currencies**



Zunahme



Misconception 1: Money with interest and compound interest can grow forever

There exist different growth
patterns in the material
realm

a. natural growth alone can
be termed sustainable

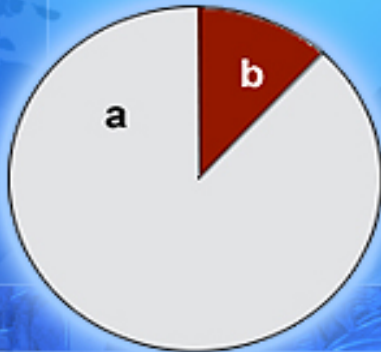
b. linear growth can be
sustained temporarily

c. exponentielles growth is
soon coming to an end



2. The Transparency Misconception

Interest is paid only when we borrow money



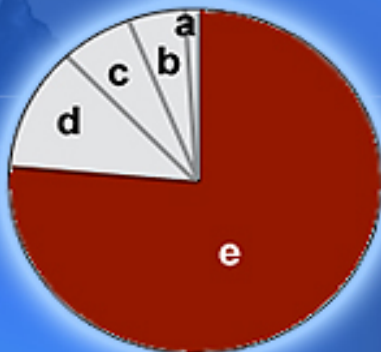
1 Garbage Collection Fees

Cost of interest on capital 12%



2 Drinking Water Costs

Cost of interest on capital 38%



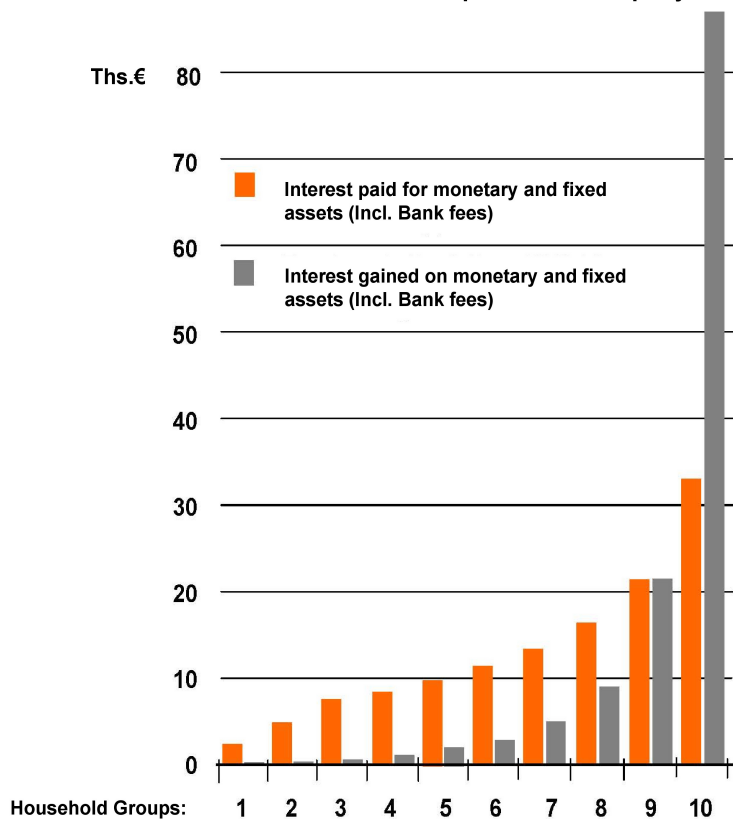
3 Rent in Public Housing

Cost of interest on capital 77%



Comparison of Interest Paid & Gained

in ten groups of households of 3.8 million each
reference year 2000
all values in thousands of Euros per household per year



Source: H Creutz

Misconception 3: Everybody is treated equally in the system

Interest payments and Interest
gains show large disparities:

80% of the population pays
twice as much as they gain

10% gain more than twice as
much as they pay

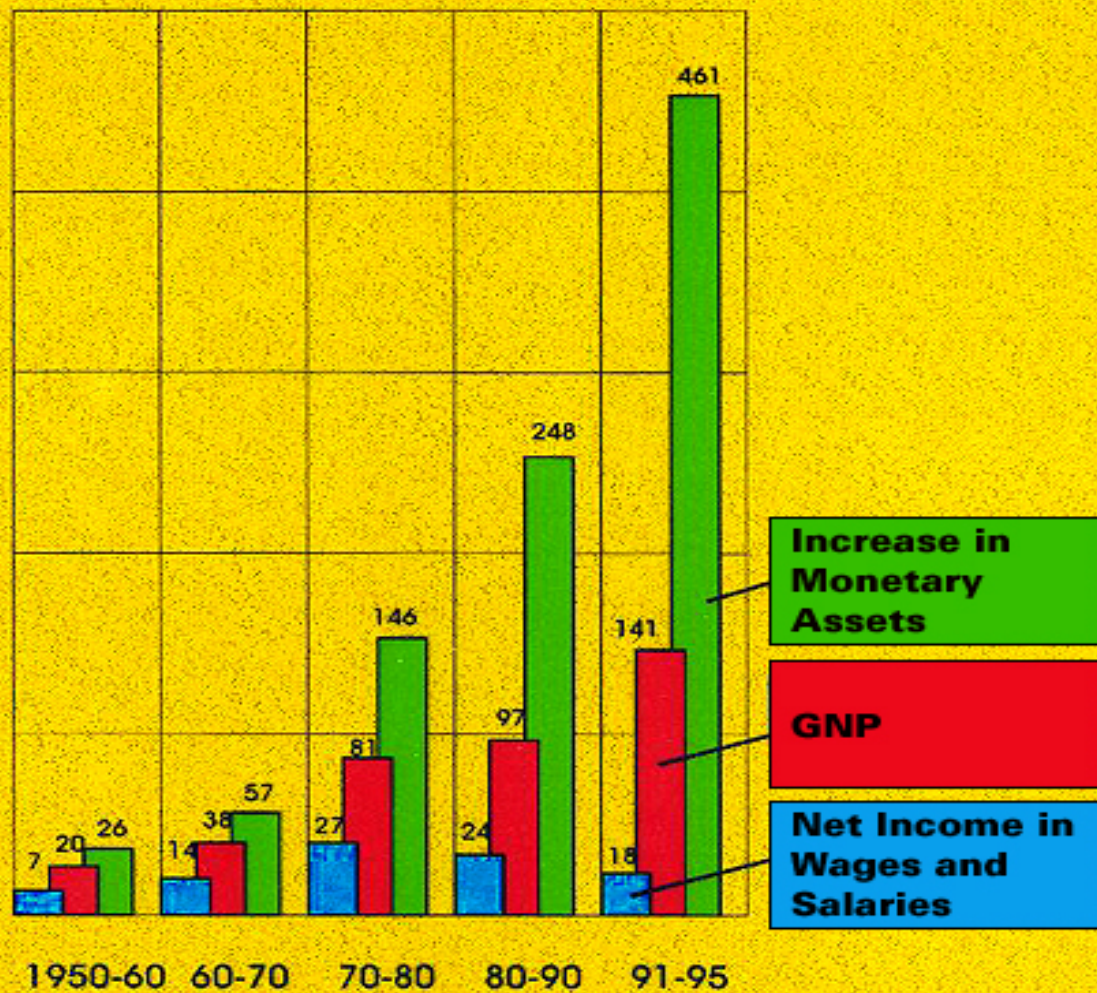
Part One: Misconceptions
**Part Two: Economic and Social
Results**

Part Three: Solutions
**Part Four: Reasons for
Multiple Currencies**

Results:

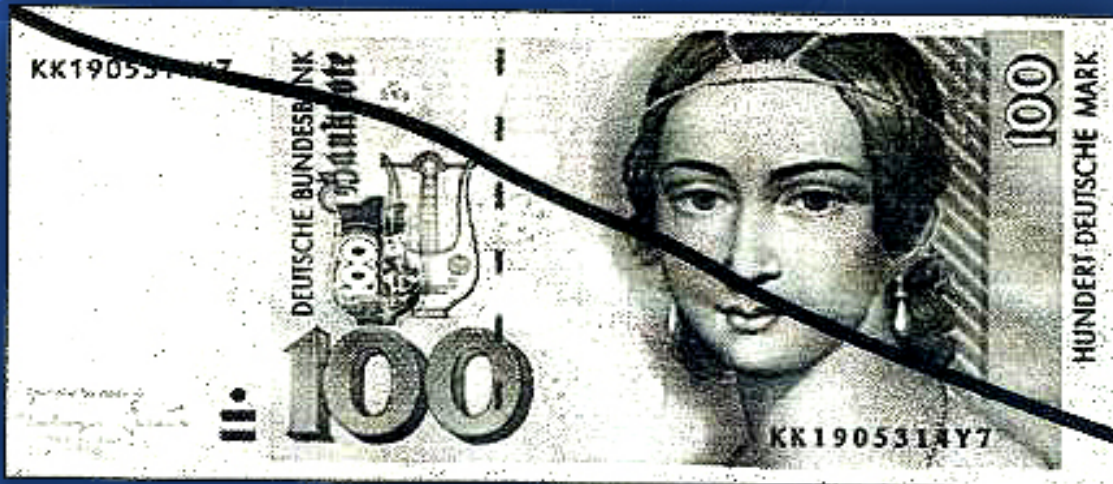
Widening Gap in Key Economic Indicators

Yearly average in billion DM from 1950 - 1995
[All figures are inflation adjusted]



Continual Inflation

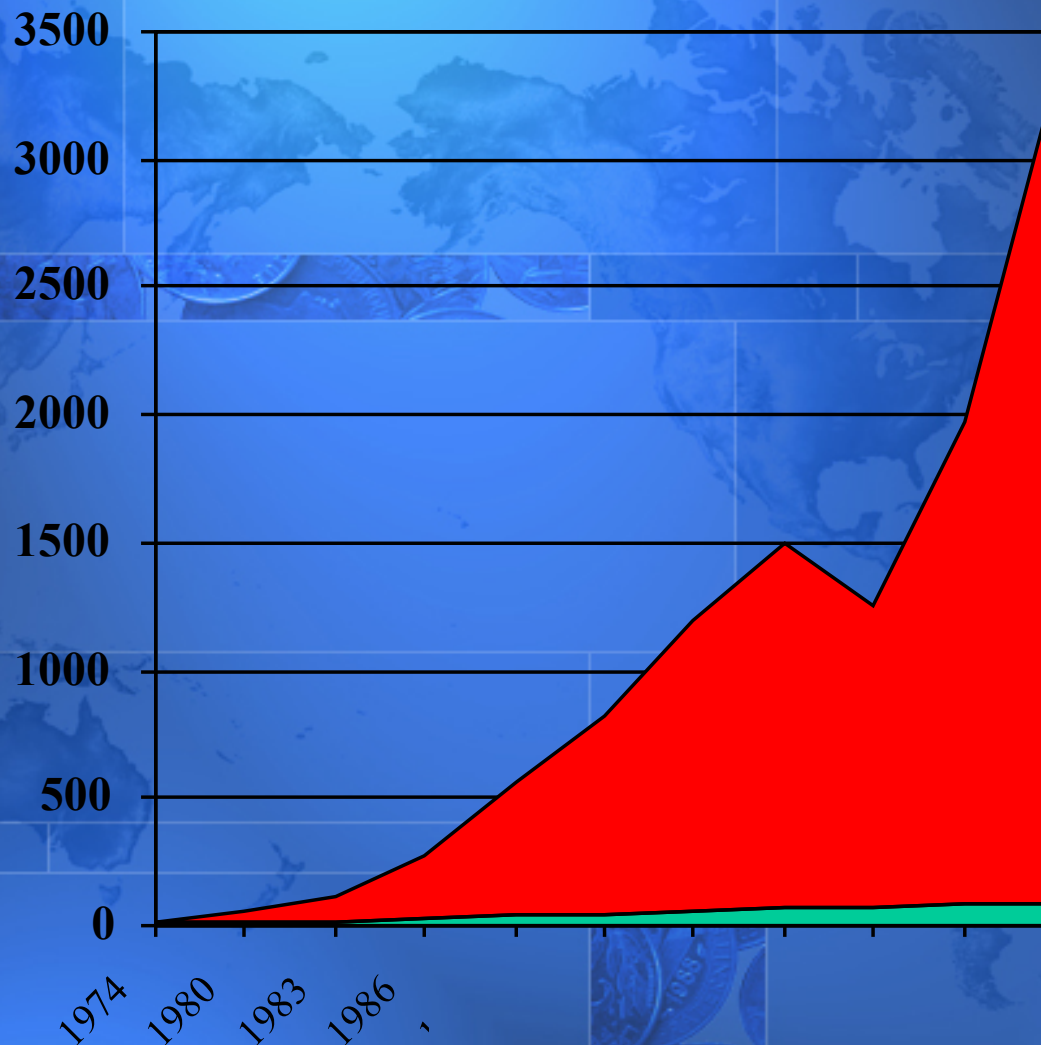
Because of inflation, in the year 2001, every DM was worth only 20 Pfennigs...



1950

2001

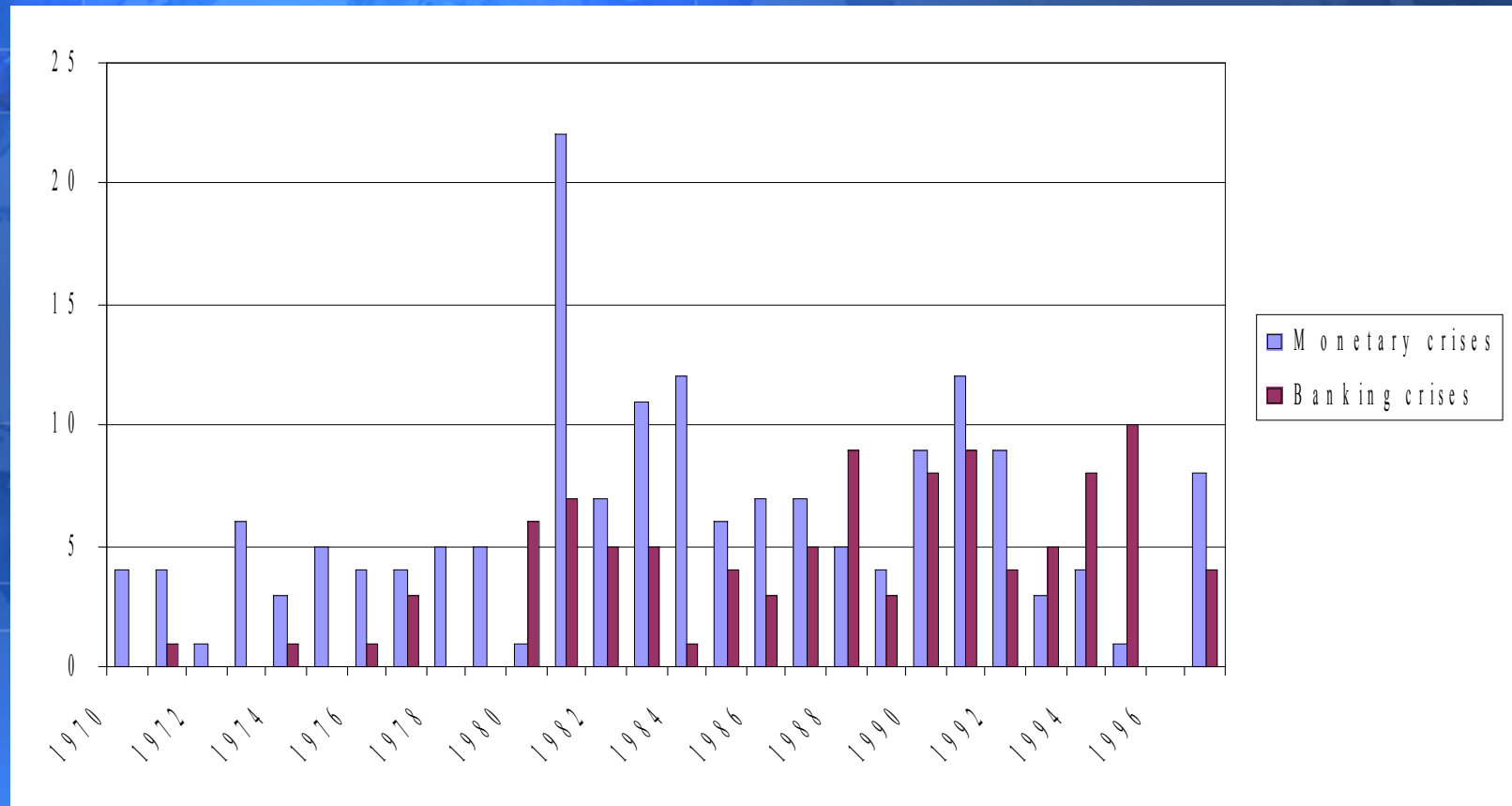
and this was the **most stable currency** in the world!



**Excessive Increase
in Foreign Exchange
Transactions**

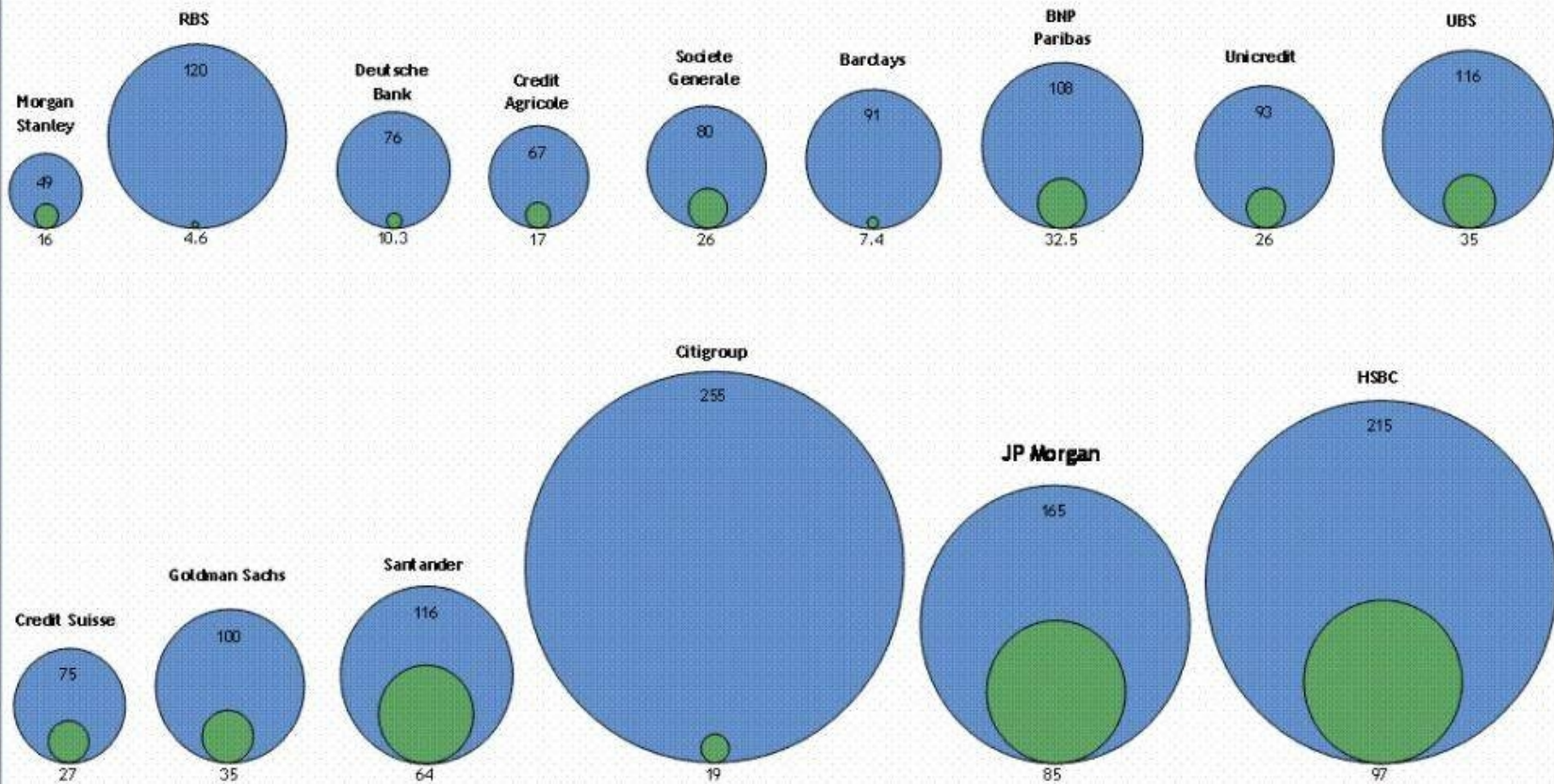


Between 1970 and 1998
169 currency and **96** banking crises
happened according to IMF statistics



Banks: Market Cap

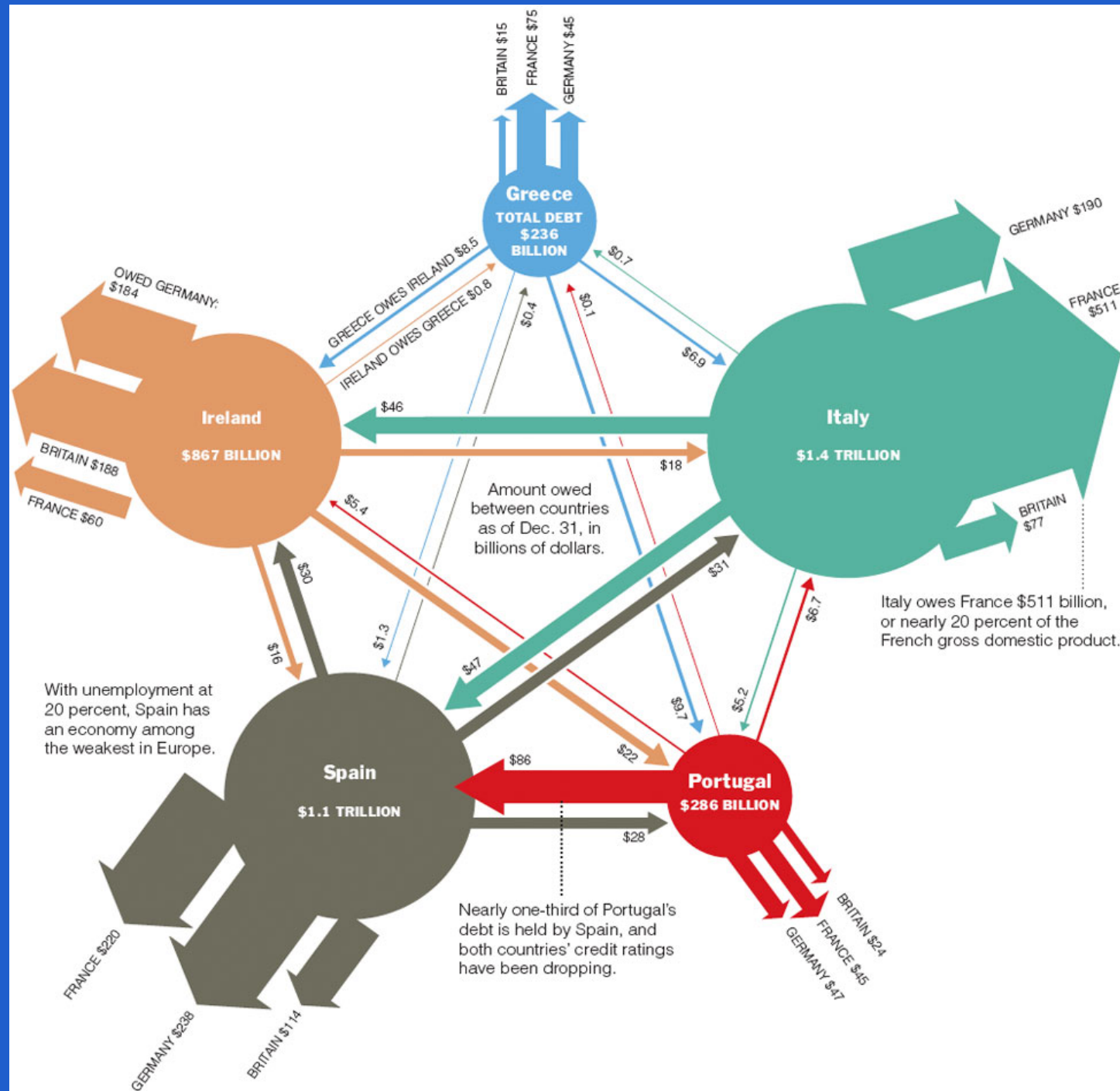
- Market Value as of January 20th 2009, \$Bn
- Market Value as of Q2 2007, \$Bn



J.P.Morgan

While J.P.Morgan considers this information to be reliable, we cannot guarantee its accuracy or completeness

Source: Bloomberg, Jan 20th 2009



Debt in bio €

Italy 1.400
Spain 1.100
Ireland 586
Portugal 256
Greece 236

Owed to

Germany
France
Britain

Part One: Misconceptions

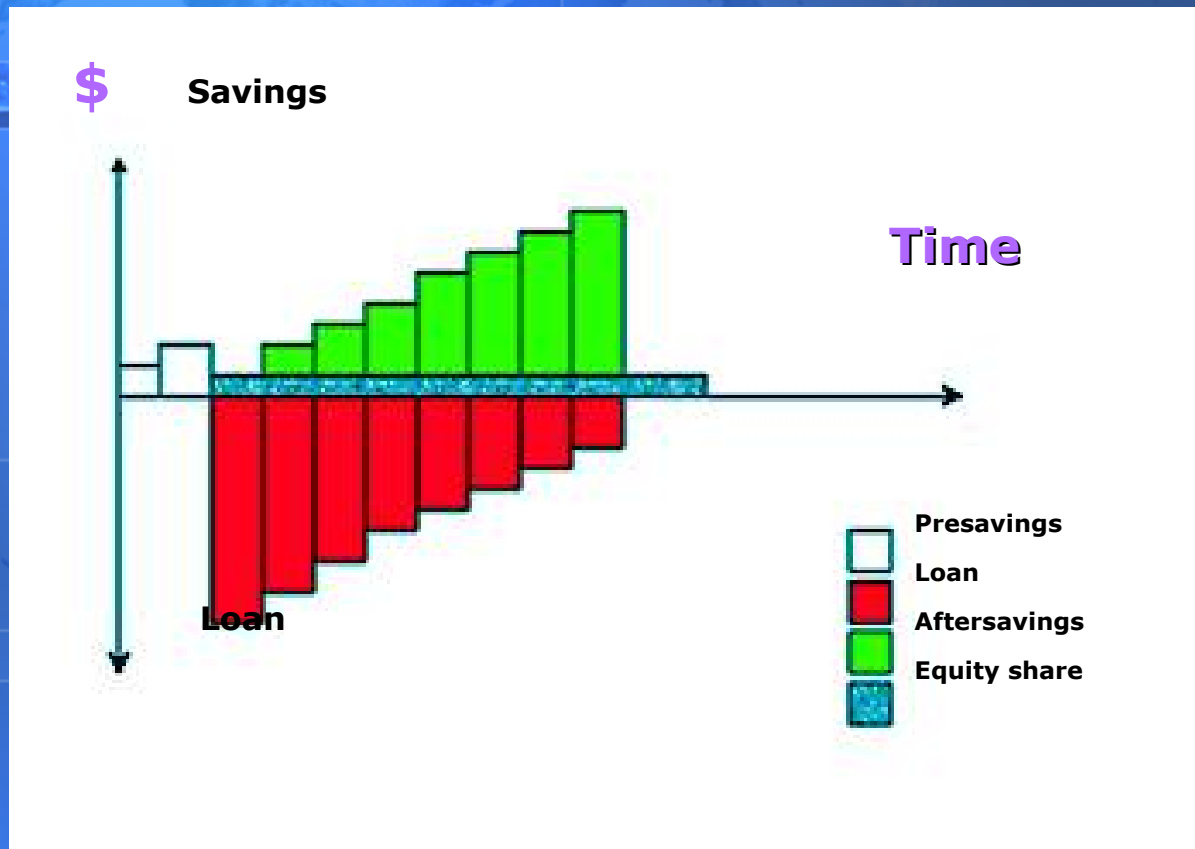
Part Two: Results

Part Three: Four Solutions

**Part Four: Reasons for
Multiple Currencies**



Solutions: Interest Free Savings and Loan systems: The JAK-Members' Bank





Comparison of loan payments in normal bank and JAK

	Bank	JAK
Credit	200 000 SKr	200 000 SKr
Period		
Monthly repayment		
Fees		
Monthly savings		
Total amount monthly		
Total amount 25 years		
Total savings		

Risk insurance:

Shares in the JAK Co-operative
6% = 12 000 SKr as withdrawal in
following year if there is no deficit

Savings:

600 000 Bonus points =
2 years X 2000 SKr per month



Components in Interest for Loans and Credit

In the present money system

Bank Fees	1.7%
Risk Premium	0.8%
Liquidity Premium	4.0%
Inflationary Adjustment	1.5%
Total	8.0%

In complementary money systems

Bank Fees	1.7%
Risk Premium	0.8%
Liquidity Premium	0.0%
Inflationary Adjustment	1.5%
Total	4.0%



Comparison of Credit Costs for average German household with € 30.000 /year

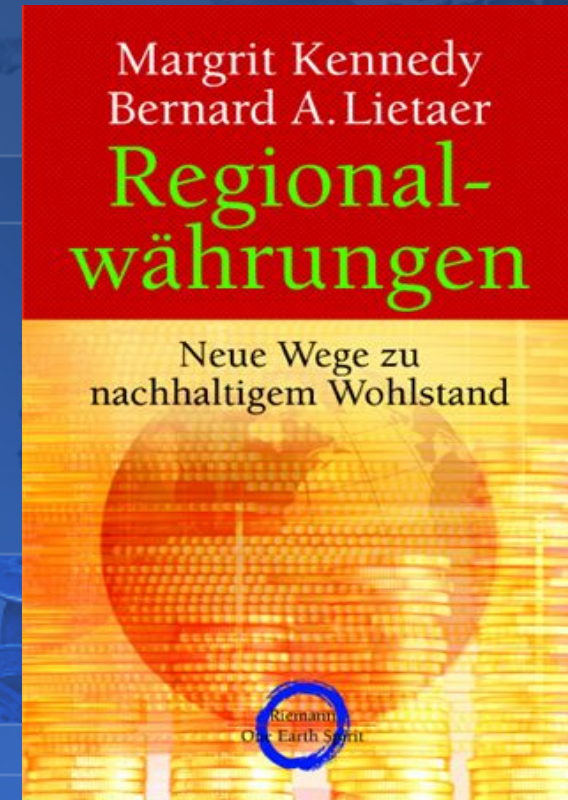
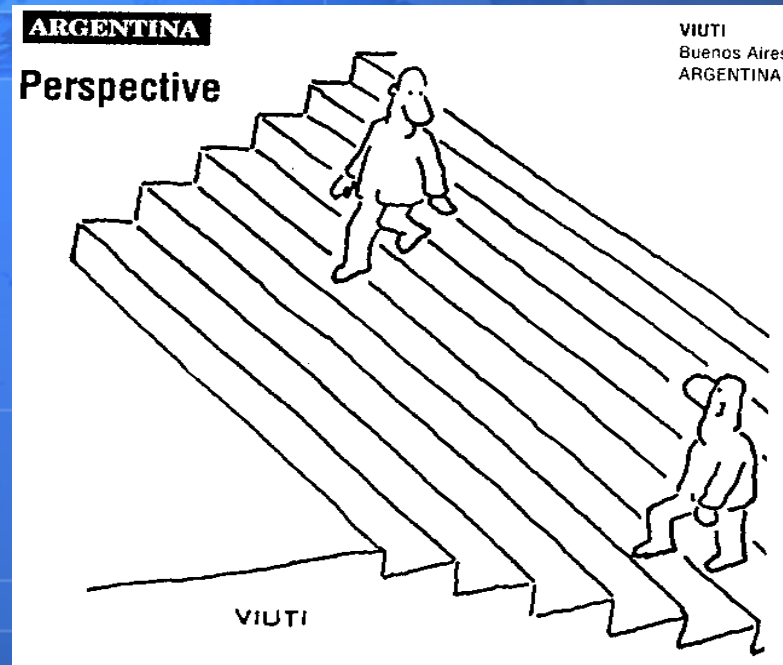
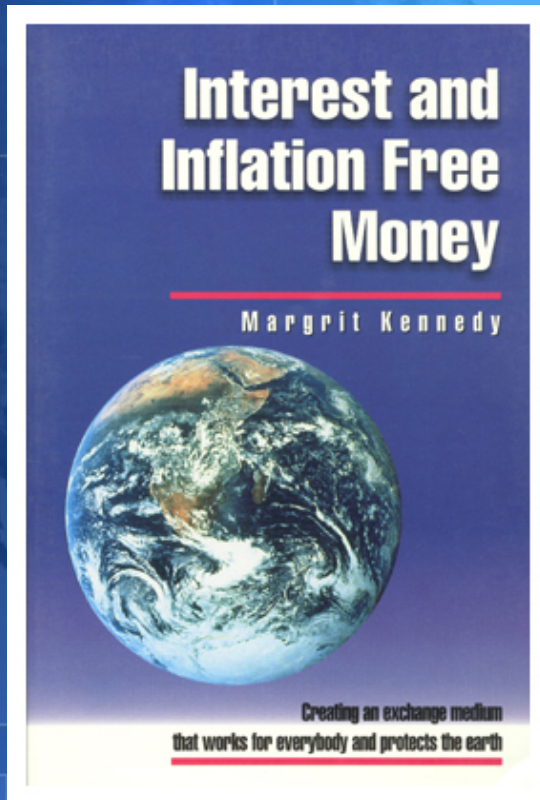
- interest costs of 40% € 12.000 / household /year
- demurrage half of that € 6.000 / household /year
- JAK-System one quarter € 3.000 / household /year

**An encompassing interest free savings and loan system, would
reduce credit cost
for the average German household to**

€ 3.000 instead of € 12.000 / household/year



My change of perspective between 1987 und 2004





Solutions: Designing Complementary Currencies

**Creating new financial liquidity
for a limited purpose**

LOCAL, REGIONAL and

GLOBAL CURRENCIES

or SECTORAL CURRENCIES



Sectoral CURRENCIES

three examples

Fureai-Kippu System, Japan

WIR Wirtschaftsring, Switzerland

Saber Educational Currency, Brasil



Fureai-Kippu = Care Tickets

**since 1995 in Japan
supports care of elderly
with help from younger people
who get **hour credits**
which can be used at a **later date**
in **another part** of the **country**
or by **another person****



WIR-WIRTSCHAFTSRING PARALLEL CURRENCY SYSTEM

among small and medium businesses

since 1934 in Switzerland
15 Swiss regional WIR- organisations
60.000 members
average turnover per year 2.0 bio WIR

proves to have **anti-cyclical effect**
supports policies of government



EDUCATIONAL CURRENCY „SABER“

**Brasil: 40% of population
under 15 years**

**1% surcharge on mobile phone
bills**

=> 1 bio US\$ for education

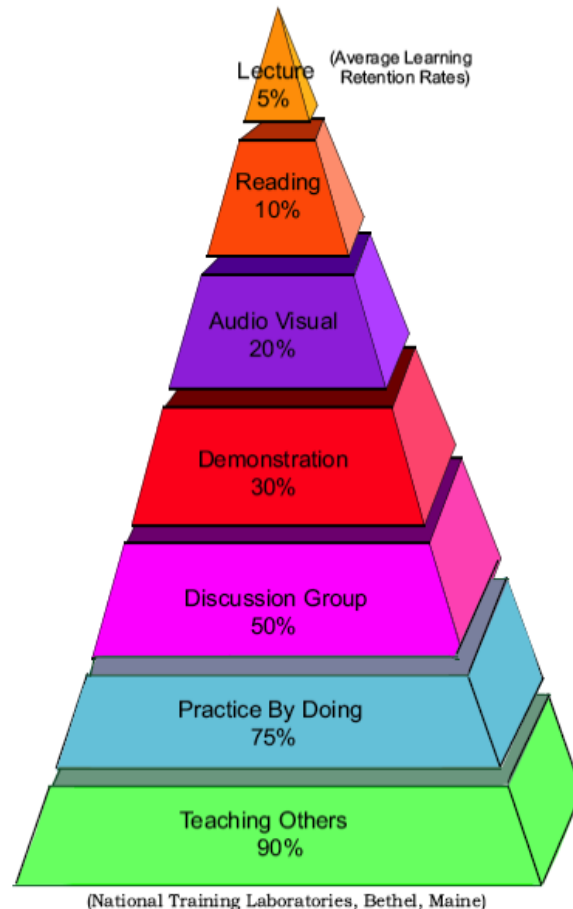


PROPOSAL:

- Funds back vouchers for student tutorials
- only **universities** redeem them
 - limited validity (**-20%/a**)
- Educational **BENEFIT** equivalent to **10 billion US\$**



Learning Pyramid



...in addition:

**teaching
others
multiplies
educational
benefit again
ten times =>**

100 bio US\$



Differences between COMPLEMENTARY and TRADITIONAL currencies 1:

use- instead of profit-oriented
limited instead of general acceptance
circulation incentive instead of interest
transparent instead of obscure creation
democratic instead of central control



Differences between COMPLEMENTARY and TRADITIONAL currencies 2:

inflation-resistant
instead of inflation-prone

promoting community
instead of destroying it



**Differences between COMPLEMENTARY
and TRADITIONAL currencies 3:
a win-win solution for everybody
instead of only ten percent of the
population**



REGIONAL CURRENCIES:

- **partial decoupling** from globalized economy
- increased use of **regional products and services**
- **added value and surpluses** remain in the region
- community keeps its **essential public utilities**
- **closer links** between consumer and producer
- strengthening **regional identity & diversity**
 - reducing need for **transport and energy**



A First Model for Regional Currencies: The Wörgl Experiment



- Circulation incentive of 1% per month or **12% per year**
- Work-certificates worth **5.000 schillings** circulated **400** times in **13.5 months**
- Helped creating **goods and services worth 2.000.000 schillings**
- Town got **12% x 5.000 = 600 schillings** for circulation incentives



A First Model for Regional Currencies: The Wörgl Experiment



Results in 13,5 months between 1932 - 1933:

1. **Unemployment** reduced by **25%**
2. **Town-Income** increased by **35%**
3. **Public works investment** rose by **220%**

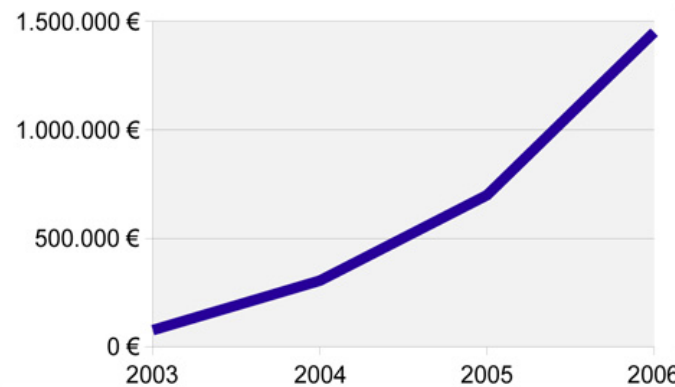


Regional money system based on vouchers

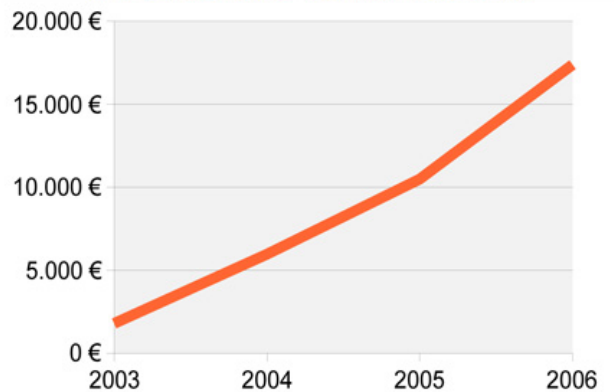
Figures of the Chiemgauer



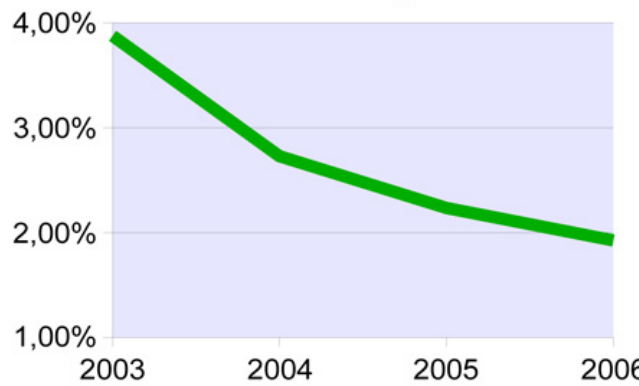
1. Annual turnover of Chiemgauer



2. Donations to Non-Profits



3. Costs for 100 Chiemgauer turnover



© Christian Gelleri, Chiemgauer e.V.

Figures for 2009:

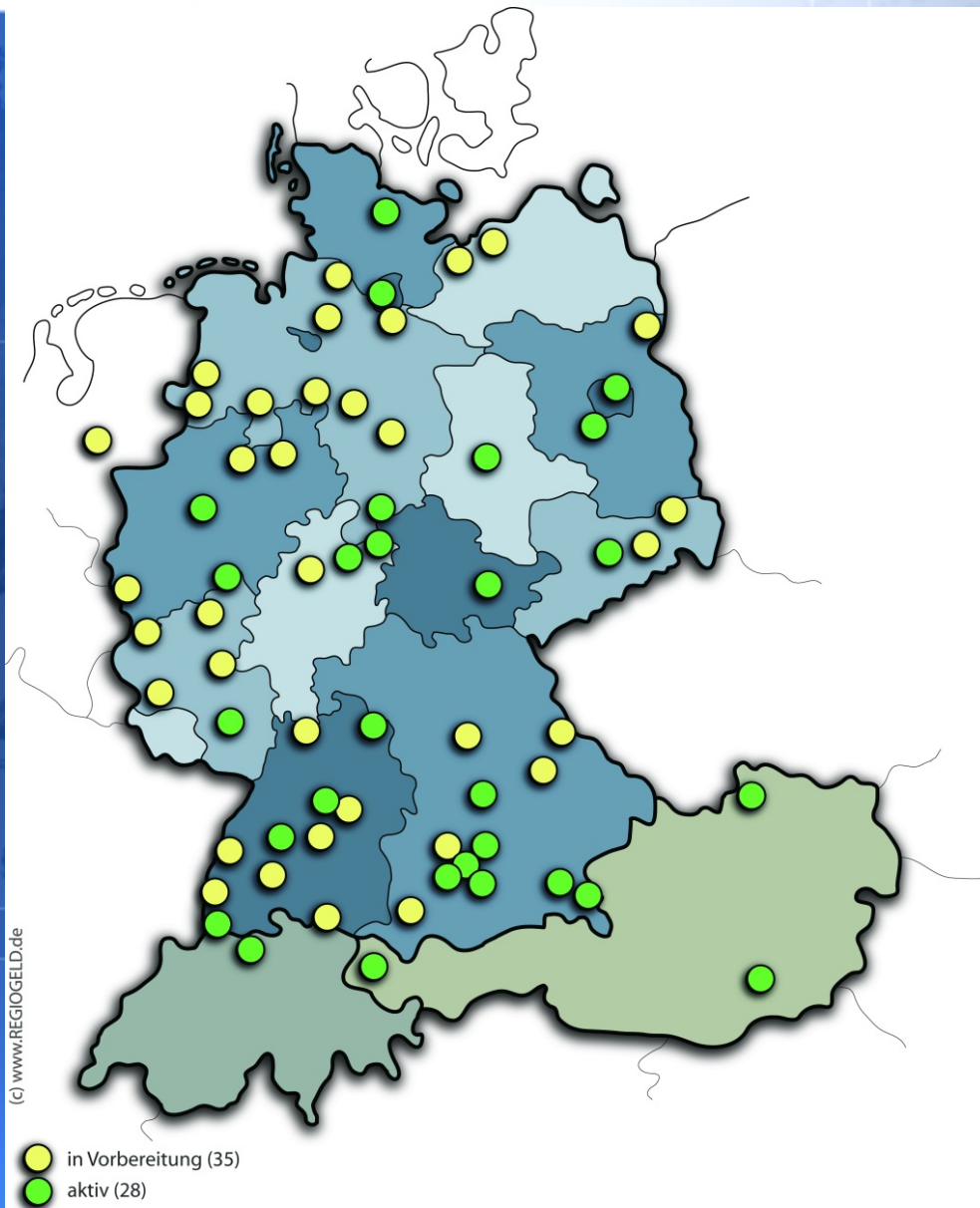
Annual turnover
4 mio Euros

3.000 Members

562 Firms

200 Associations

Donations
36.000 Chiemgauer



**In September 2003
24 initiatives founded the
Regio-Network
since April 2009
60 initiatives coordinate
their efforts through the
Regiogeld Federation**

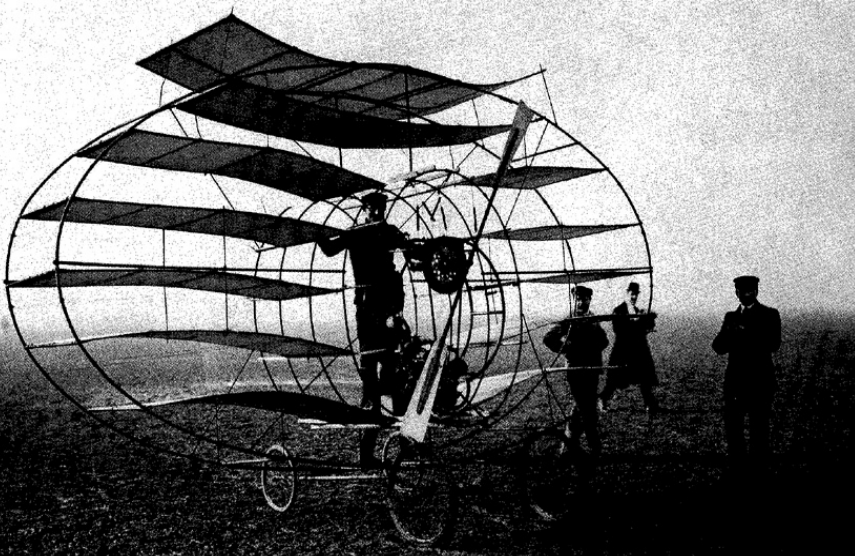
**30 of those issue
their own currency**

**Informationen unter
www.regiogeld.de**

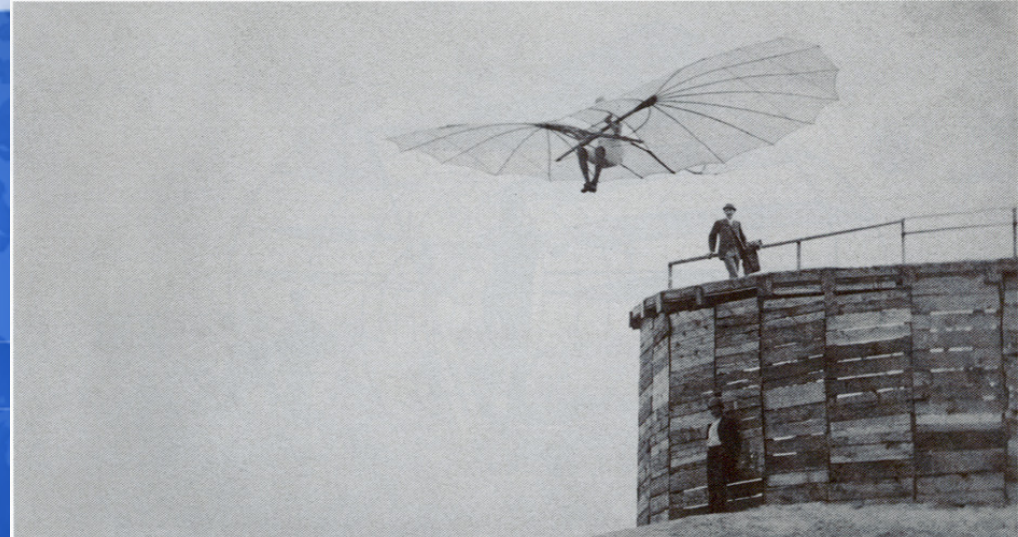
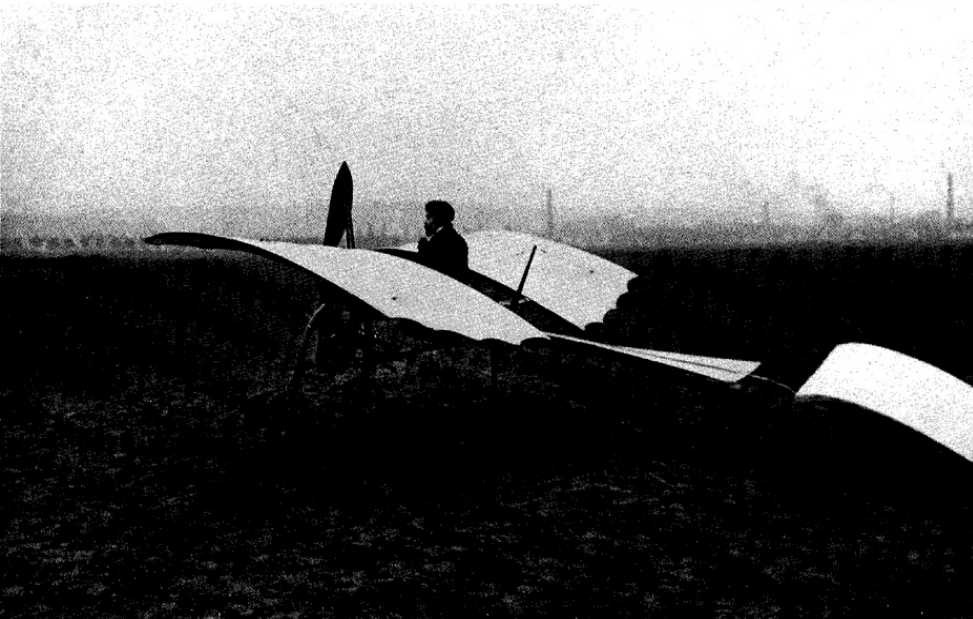


MONEY FOR SUSTAINABLE DEVELOPMENT

by Margrit Kennedy



Bilder einer Ausstellung: Der Multiplan des Marquis d'Ecqueville (o.) widersetzte sich 1908 allen Versuchen, ihm das Fliegen beizubringen. Der Eindecker von Raoul Vendome (u.) dagegen machte im Jahre 1909 wenigstens seinem Namen alle Ehre: Le plus petit – der Kleinste. // The Multiplan built by the Marquis d'Ecqueville (top) defied all attempts at flight in 1908, but Raoul Vendome's Le plus petit at least did justice to its name in 1909 (bottom)



Zum Himmel hoch

The sky was the limit

Die Frühzeit der Fliegerei erweckt eine einzigartige Fotoausstellung in Düsseldorf wieder zum Leben

An extraordinary photo exhibition in Düsseldorf, Germany, conjures up the exciting early days of flight





WEBSITES:

www.margritkennedy.de

www.monnetta.org



MONEY FOR SUSTAINABLE DEVELOPMENT

by Margrit Kennedy





Gaia University - Action Learning

offers Masters Degree in

'Design of Sustainable Money Systems'

www.gaiauniversity.org



MONEY IS LIKE MANURE

**If you pile it up,
it stinks**

**If you spead it out evenly,
it does heaps of good**

Part One: Misconceptions

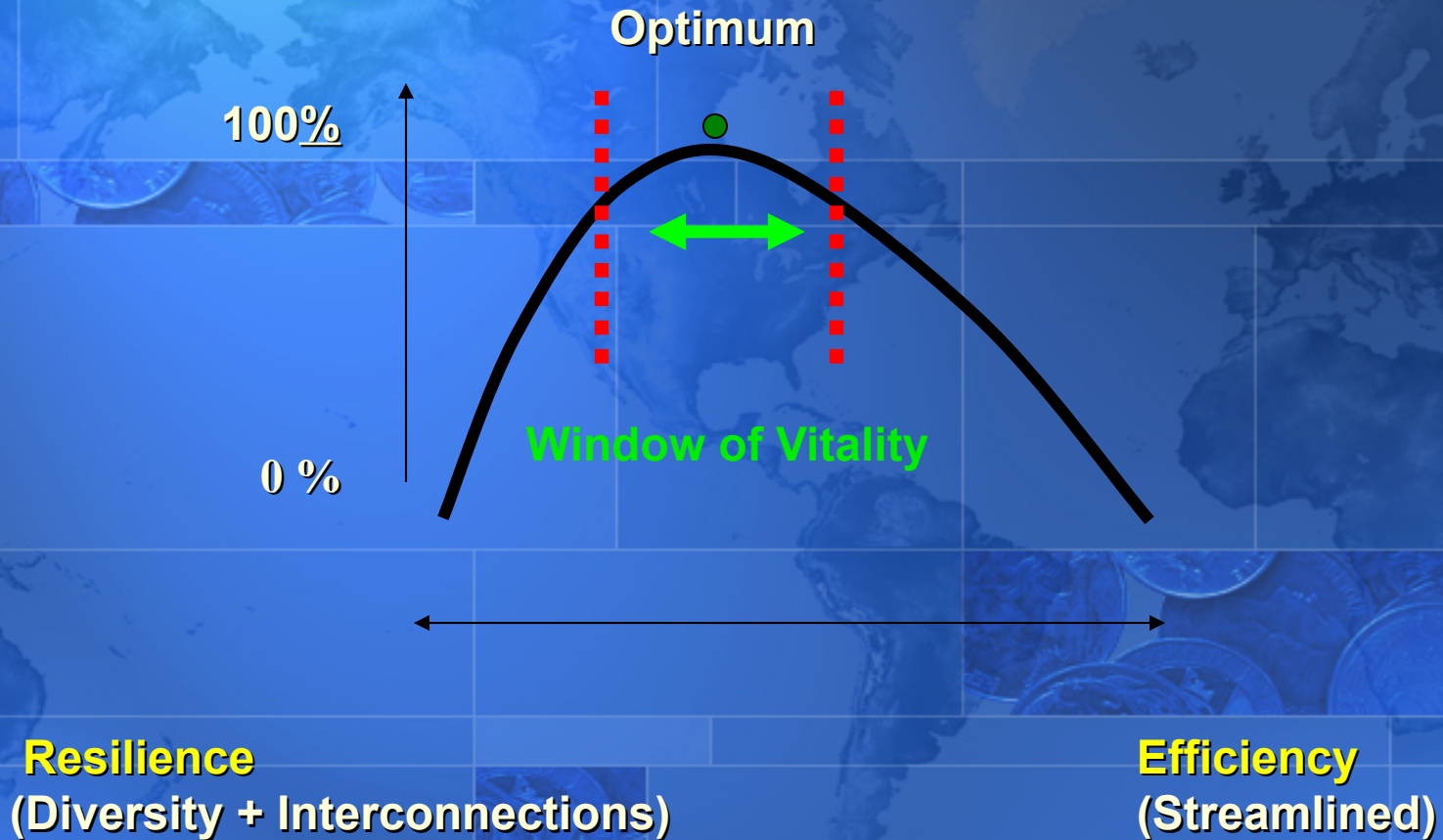
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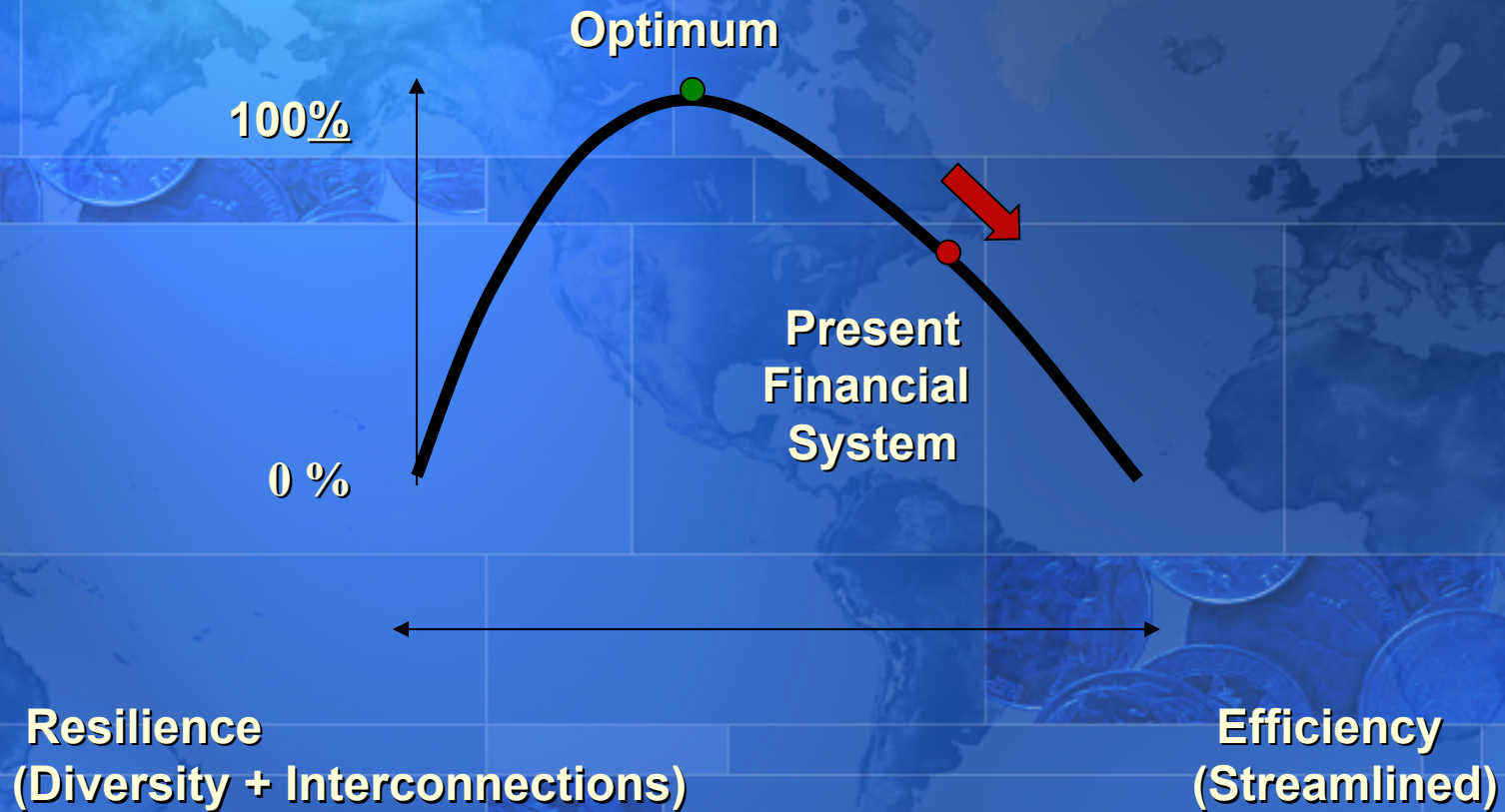


Sustainability of complex living systems





Sustainability of complex living systems





Sustainability of complex living systems

