

## About the author:

[Bernard Lietaer](#), one of the original architects of the European single currency, wrote “*The Future of Money*” and “*The Mystery of Money*” while a Fellow at the Center for Sustainable Resources at the University of California at Berkeley and a Visiting Professor in Archetypal Psychology at Sonoma State University, California.

He has been active in the domain of money systems for a period of 35 years in an unusual variety of functions. His first book (MIT Press 1969) developed new technologies for multinational corporations to manage multiple currency environments. He then moved to the other end of the spectrum by consulting to developing countries on how to improve their hard currency earnings.

Subsequently he became Professor of International Finance at the University of Louvain, the oldest university in his native Belgium, before moving on to become the top executive in charge of the Organization and Computer Departments at the Central Bank in Belgium. His first project in this capacity was to design and implement the single European currency system. During that period, he also served as President of Belgium’s Electronic Payment System, credited as the most comprehensive and cost effective payment system in the world.

Before starting work on his current book, Bernard co-founded one of the largest and most successful off-shore currency funds becoming its General Manager and Currency Trader. *Business Week* identified him as “the world’s top currency trader” in 1992.

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## ***A Synthesis of the Relevant Concepts from “The Future of Money”***

### **By Bernard Lietaer**

Only some of the key conclusions of the “*The Future of Money*” will be synthesized here. Detailed supporting evidence for the claims made here are available in that other book.

- The Information Age has already broken the *de facto* monopoly of the conventional national currencies. For instance, Frequent Flyer miles have evolved to become a *de facto* **corporate scrip** (i.e. a currency issued by a private corporation for its own commercial reasons). Initially their purpose was a simple marketing gimmick to foster customer loyalty. However, now they can be earned and spent on a growing number of ways. They are, therefore, gradually evolving into a currency as defined above. Similarly, over 2500 communities in a dozen different countries have started to issue their own medium of exchange as **complementary currencies**. These currencies are complementary to the conventional national currencies because they do not aim at replacing the national currency, but are designed to fulfill functions that the conventional currency does not accomplish. They are also called complementary because they are often used simultaneously in a single transaction as a mixed payment (part national currency, part complementary currency, for example a painting job is paid 50% in national currency, and 50% in a local currency).

- It is useful to distinguish different types of contemporary currencies. For example:
  - All conventional national currencies today are “*Fiat*” Currencies. These are currencies created out of nothing, by a hierarchical authority. For instance, all our conventional national currencies (including the Euro) are created as “fiat” currencies issued as bank-debt, under the hierarchical authority of a Central Bank.
  - **Mutual Credit** currencies are created as a simultaneous debit and credit among participants themselves. For example, the Time Dollar system invented by the law Professor Edgar Cahn is a mutual credit currency. In that system, if I do something for you for one hour, I will get an hour credit and you a debit for one hour. It would be simple **barter** if you did something for me to for one hour to compensate. But if I can use my credit with someone else we have created a medium of exchange within our community, i.e. local money. Over 400 Time Dollar systems are now operational, mostly in the US. The Canadians Michael Linton and David West invented another example of a mutual credit currency in the early 1980s under the name LETS (Local Exchange Trading System). Over a thousand of LETS, or variants to that system, are now operational around the world.
- We have become so used to consider exclusively national currencies as the only type of “real” money, that we also have accepted as “obvious” various features that are in fact quite special. For example, we consider obvious that money should bear *interest*, that it keeps its value only by remaining artificially *scarce*, and that its users should *compete* among each other to obtain it. In contrast, mutual credit currencies are *interest-free*; since the participants themselves create them as soon as an agreement has been reached on a particular transaction, they are always available in *sufficiency*; and practice has shown that it induces *cooperation* among its users rather than competition.
- There was only one complementary currency system in 1984. By 1990, there were fewer than 100 complementary currency systems operational in the world, but in the year 2000 there were over 2500, and their number continues to grow. Nevertheless, they still are involved in only a tiny fraction of total exchanges, thereby providing a valid argument to those who prefer to dismiss them as marginal. However, this is not necessarily so. For example, the only fully mature complementary currency system in operation in the world - the WIR system in Switzerland - has experienced more than 65 years of development. It counts now over 80,000 members, and generates among them an annual volume equivalent to over 2 *Billion Euros* in exchanges. Similarly, the innovative use of complementary currencies in the Brazilian city of Curitiba over a period of 25 years has enabled the average Curitibaño to receive 30% of his or her income in complementary currencies, improving particularly the standard of living of the poorest segments of society. Even on the conventional macro-economic level this effect is measurable. The regional product per capita of this particular city grew 40% faster than the rest of the country. Furthermore, there is now clear evidence in the thousands of practical experiments with complementary currencies that they can have

significant positive impacts on the communities that use them. Not only do they create work that otherwise would not exist, but they also have proven beneficial in restoring the feeling and reality of community where previously it wasn't available.

- There is one final reason why these new currency systems are *complementary*. They enable to introduce the complementary concepts of Yin-Yang into the currency domain. In the next chapter, an analysis of how different types of currencies activate different parts of our Archetypal map will show the relevance of the following distinctions.
  - A Yang currency is one whose issuance is based on hierarchy, that encourages accumulation in the form of currency, and that tends to generate competition among its users. All conventional national currencies are Yang currencies, because they exhibit each one of these features. This is why the competitive economy that they fuel will be called the “Yang economy”. It is also typically the only economy acknowledged in conventional economic textbooks.
  - In contrast, a Yin currency is one whose issuance is based on egalitarianism, that discourages accumulation, and that encourages cooperation among its users. Well-designed complementary currencies will tend to activate a cooperative “Yin economy”. This Yin economy has existed informally forever typically in the form of a gift economy (i.e. without the use of any currency). Gift exchanges are one of the most important builders of community, and Yin currencies have proven to be more compatible with, or even encourage the creation of, a gift economy.
  - **I claim that a balance between the Yin and Yang economies is indispensable for a truly sustainable society to function. Together they create what is called the “Integral Economy.”**