

Money

The New Rules of the Game

Christian Felber

Collaboration: Clemens Öllinger

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Scope: 570,000 characters / 304 pages

Publisher: Deuticke, Vienna, Austria

Publication Date: March 17, 2014

Foreword: Money and Democracy – High Time for a Marriage

Are you satisfied with the current monetary system? Do you think it's just, democratic, understandable, sustainable and stable?

Do you know how today's monetary system works? Do you understand how money is created, how commercial banks and central banks work together or how credit is turned into investments? Do you know what a shadow bank is or how some people manage to transfer hundreds of millions of dollars to tax havens?

Do you know who created today's monetary system? Do you have any idea which political institutions further develop it, which congressional committees discuss it, which legislative body or "sovereign" voted on it?

The confusion that results from questions like these is as antithetical to a living democracy as it is to the concept of responsible citizens. This book calls for an end to the "rule of money" by (a) encouraging a public debate about our current monetary system, (b) recommending concrete and understandable alternatives to all central elements of the current monetary and financial system and (c) illustrating a democratic process with which we can move from the current plutocracy and finance dictatorship to a monetary system based on democracy.

The author of this book believes that the current money system is not only multi-dysfunctional but through and through undemocratic. It is this very lack of democracy that causes it to be dysfunctional. The political decisions that led to our current monetary system fail to take heed of the needs and values of the sovereign. According to public opinion polls conducted in Germany and Austria, between 80% and 90% of the population desire a new economic order.¹ If we had a number of viable alternatives to vote for, certainly our present monetary system would be rejected. Consider what would happen if the following issues were voted on in a democratic referendum:

- Should commercial banks be able to create money?
- Should bank loans be given to speculators?
- Should banks be allowed to be 'too big to fail'?
- Should such banks be bailed out with taxpayer's money?
- Should shadow banking be allowed?
- Should financial transactions to tax havens be free of regulation?
- Should it be legal to speculate with food?
- Should the US dollar be the reserve currency?

It would be hard to find any country in the world where a majority of the citizens would vote for even one of these rules and these are the rules that determine our present system. Despite these fundamental conflicts, this dreadful monetary system exists legally within the framework of democratic societies and, unfortunately, it makes life very difficult. It can even take life. Too often the old phrase holds true, "your money or your life".

Part of the problem is that democratically elected representatives are so heavily influenced by special interest groups that have gained power within the neo-feudal, capitalist monetary system. This influence prevents them from wanting to make any substantial changes in the system. Governments and parliaments are not, at any rate, making the slightest effort to question the ruling monetary order or to rewrite the rules of the game. While there are a host of reform projects and financial regulations conducted by institutions like G20, the Basel Committee on Banking Supervision or various European Union institutions, none propose a profound solution. None of them would ever suggest creating a new

¹ BERTELSMANNSTIFTUNG (2010), 1 und (2012), 7.

monetary order. This is not at all a goal of the official proceedings.

From the author's perspective, this all makes it perfectly clear that free, reasonable and democratically-minded people have no option but to emancipate themselves from their passive, shoulder-shrugging acceptance of a multi-dysfunctional monetary order. We all must take responsibility into our own hands and in a cooperative, grassroots fashion begin creating a new monetary order.

There are more than enough good reasons to begin. We are presently confronted with the infamous question of "change by design or change by disaster". It's much better to consciously construct something new instead of just stumbling into the next crisis. Not only do we owe this system shift to ourselves and to our own self-respect and dignity, but we owe it to future generations who should not inherit this "unsystem". We should at least try to create a more just, stable and sustainable monetary system.

System change, or better yet a democratic evolution of the monetary system, must begin with a mass movement and must be decided upon by the ultimate authority in a democracy, the sovereign. Representative democracy has itself become a victim of the current money system with its corrupting forces, its blind faith in monetary growth, its financial alchemy, its "transvaluation of all values"² and its unchecked concentration of economic and political power.

This book calls for redefining the rules guiding the monetary system in a three-step process. First, participatory, decentralized citizens groups discuss the issues at hand. Second, national delegate assemblies finalize proposals. Third, popular referendums enshrine the results in constitutional law. More to the point, a single section of the constitution could be amended in which the rules of the monetary system are defined. Legislative bodies would thereby have a clear and solid foundation for the new monetary legislation. These constitutional reforms are binding for the legislature, but just like other aspects of a constitution, are not set in stone. They can later be changed, but only from the sovereign, the only authority that has this power. A democratic monetary system should regularly be revised and improved upon by the people, by parliament's clientele.

Now I want to make a personal appeal to those bestowed with exceptional creativity and intelligence. These are gifts of nature which have been granted you. You can use them to your own personal advantage and you can use them to give something back to society. You can use your gifts to help develop more fair and democratic rules of the game. How many highly gifted people today learn the trades of investment banking, funds manager or investment manager? How much intelligence is invested today in product innovation within the system? What about innovation of the system itself? An economic system only works well if the rules of the game are just and widely accepted. When the rules in a company, at home or in an organization are not coherent, then the whole organization suffers. Under the present monetary order society as a whole is suffering. The rules are non-transparent, incomprehensible, unjust and undemocratic.

The goal of this book is a democratic monetary system that increases the freedom of all by a) providing equal opportunities so that all can take part in developing the new rules of the game, b) assuring the egalitarian effect of these rules and c) assuring the system encourages stability, fair wealth distribution and sustainability. The more democratically the monetary system is created, the more it will be in line with basic values of society, such as human dignity, freedom, solidarity, justice and sustainability. The vision of this book is that money is neither the goal of economic activity nor a private good. Money should be a public good. Money should go from being a weapon to being a tool. Money should serve life. It should serve the common good.

² Nietzsche in „Thus spoke Zarathustra“.