

Money Methodology

Mediating Human Relationships and Activities

*Money is the currency of life and death in today's world
and the money environment dictates our reality.*

Framing

How we frame events and issues is pivotal to how we understand and navigate the world.¹

Barter = Exchange Value

Conventional wisdom assumes that the invention of money replaced barter, i.e. that the basis of human relationships pre-money was the **exchange** of value (work or tangible goods).

This “exchange of value” framing of human activities and relationships resulted in the **competitive** paradigm reflected within local, national and global political economies. Success is characterised by accumulation of goods and services. Hence society gives prominence and status to those who have access to more “stuff” than everybody else.

This exchange paradigm reinforced **asymmetric power** – those that have more money dominate relationships and activities. Richard Werner refers to the “power of the short side”² - those that have what everyone else wants control prices and who gets what.

Exchange value is the criterion by which human activity is measured, encouraged or deterred but exchange value is separated from, and independent of, what human activity is useful to humans and beneficial for the environment.

Family Dynamics – Use Value

We tend not to use money in a family context and yet we negotiate multiple familial relationships and activities throughout our lifetimes.

Anthropological and archeological evidence suggests that pre-money, within communities, family dynamics governed human relationships and activities.³

The family dynamic is characterised by collaboration and mutual support while only what is useful to individuals and the community is produced or gets done, i.e. family dynamics gives rise to **use value**.

What is the purpose of Money?

Without humans and their activities, money wouldn't exist. Money is the mechanism that evolved to manage relationships and activities beyond communities, where the family or community dynamic (trust) was absent.

Once people attempted to transact beyond the trust boundaries of their communities, i.e. to deal with strangers, they needed a medium of trust that would hold true irrespective of whether parties to a transaction are trusted.

When transacting beyond the local community, people couldn't rely on the community's societal bonds to establish trusted relationships with other individuals or communities, particularly on a large scale, e.g. when deploying armies in foreign lands.

Money's current form was adopted because it was the means to overcome these hurdles of trust and scale. Once established, humans haven't questioned the fundamental nature of money since, not least because of Adam Smith's declaration in

An Inquiry into the Nature and Causes of the Wealth of Nations (published 1775) for which no empirical evidence is provided:

This division of labor, from which so many advantages are derived, is not originally the effect of any human wisdom, which foresees and intends that general opulence to which it gives occasion. It is the necessary, though very slow and gradual, consequence of a certain propensity in human nature, which has in view no such extensive utility ; the propensity to truck, barter, and exchange one thing for another.⁴

Money as a Proxy for Value

As a result of this development of money as a proxy for trust and value, exchange value maximisation has become the primary objective in human activity that is mediated through money. *Exchange value* is independent of *use value* both to individuals and the wider community.

Furthermore, as a medium of exchange that is recycled, money supply and velocity dictate both the quality and quantity of human activity. As Janos Abel (a contributor to *Critical Thinking*⁵) observed, in the context of lack of money limiting economic activity, "*it is like saying we cannot build a house because we don't have enough inches*".

Consequently, if we want to align human activity with human and environmental needs, we should consider a system of money that facilitates, captures, stores and transfers (in space and time) human activity, thereby replicating the family or community dynamic that pertained prior to the introduction of the current exchangeable form of money.

Expanding the Family or Community

If we frame our thinking about possible systems to mediate human relations and activities in terms of family dynamics, possibilities to extend these ideas to the global “family” come into focus.

Value, Need and Capacity⁶

As in families, different individuals and groups have differing needs and capacities. Without need, the capacity to fulfil needs has no value. Economists talk of production and consumption; without consumption there is no value in production as the Ford Motor Company discovered in their disastrous launch of the Edsel in 1958.⁷

Amazon, Google, Facebook, Ebay and other online behemoths definitely see and capitalise on the the value of need but the current money system doesn't attribute this value to where that need originates although loyalty schemes do “give back” a small proportion of this value in exchange for data and “loyalty”.

What is also missing when proxying value to exchangeable money are data.

The data on Needs (both fulfilled and unfulfilled) and Capacity (both utilised and under-utilised) is not recorded within current money. To illustrate, when a loan, for example, is issued to buy say a car, once the transaction is complete, within the money itself is no record of the many transactions to buy materials, pay labour and reward intermediaries that resulted in the car being produced and delivered to the borrower.

Human Money

The new money methodology⁸ rectifies the shortcomings of current and past money to create reward systems that foster cooperation and mutual support while encouraging human activities that benefit individuals, communities and the wider world.

The accumulation of data on needs and capacities provides a rich environment of knowledge for individuals to build trusted relationships locally, nationally and globally on which to thrive without recourse to exchange. A global family.

- 1 Eddie Farrell, Structural utterances: Without and within the context of ‘no context’
<https://invisibleuniverse.org/wp-content/uploads/2021/07/StructuralUtterances.pdf>
- 2 Richard Werner, 3. Markets are never in equilibrium, thus don’t be fooled by prices, but consider quantities: The short side exerts power. Shifting from Central Planning to a Decentralised Economy: Do we Need Central Banks? <https://professorwerner.org/category/articles-essays/>
- 3 David Graeber, Debt, The First 5000 Years <https://www.goodreads.com/book/show/6617037-debt>
- 4 Adam Smith, An Inquiry into the Nature and Causes of the Wealth of Nations
https://www.ibiblio.org/ml/libri/s/SmithA_WealthNations_p.pdf
- 5 Critical Thinking <http://www.freecriticalthinking.org/about-us>
- 6 Value, Need and Capacity <https://invisibleuniverse.org/value-need-capacity/>
- 7 Edsel <https://en.wikipedia.org/wiki/Edsel>
- 8 Money Technology <https://www.outersite.org/wp-content/uploads/2021/03/MoneyTechnology.pdf>