

reboot.money conference

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IOUs as Tools of Economic Autonomy

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Money: a crash course

Commercial money

≠ ceremonial currency

≠ social currency

≠ currency

≠ “money-things”

**“Credit and credit alone is
money”**

-Alfred Mitchell-Innes

Money is a particular kind of debt: a transferable and generally accepted debt instrument which can be used for repaying any debts.

**Today, almost all money is
created by commercial banks.**

Money = bank IOU

Money myth:

**Money is in the eye of the
beholder (“relativity theory of
money”)**

Money myth:

Money originated from barter

Money myth:

**Coins were the first form of
money**

Money myth:

**The value of ancient coins was
determined by their metal
content**

Money myth:

**Because of interest rates, the
volume of money must always
increase**

Money myth:

**Today, money is created by
central banks**

Money myth:

**Today, we have a fractional
reserve system**

Money myth:

We need central banks

Money fact

For every unit of money in circulation, there is a corresponding debt

Money fact

Money cannot be owned

Money fact

**Money can only keep its value
if it is spent (at the right time)**

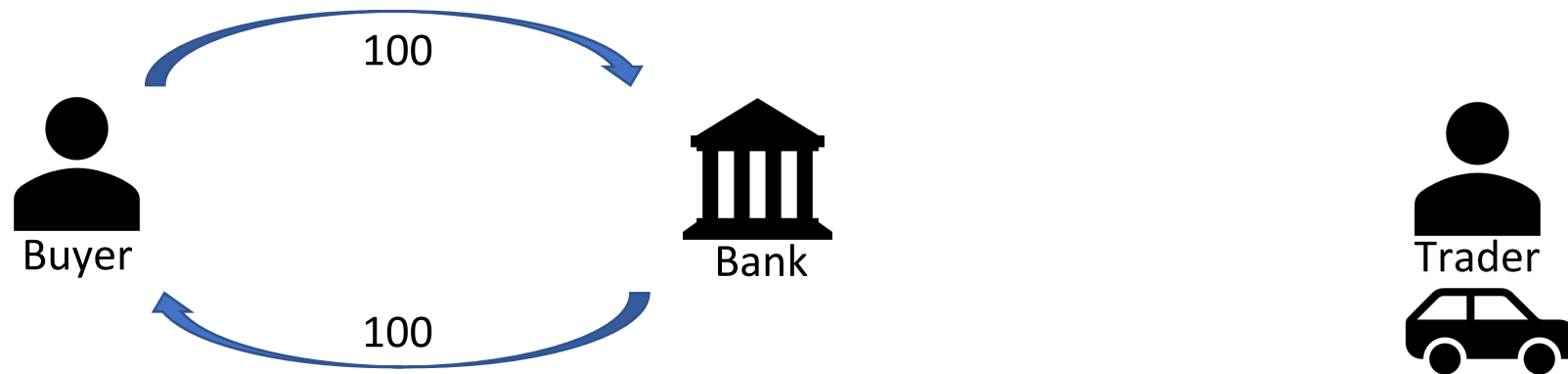
Money fact

**Money is (generally)
borrowed in order to be
repaid**

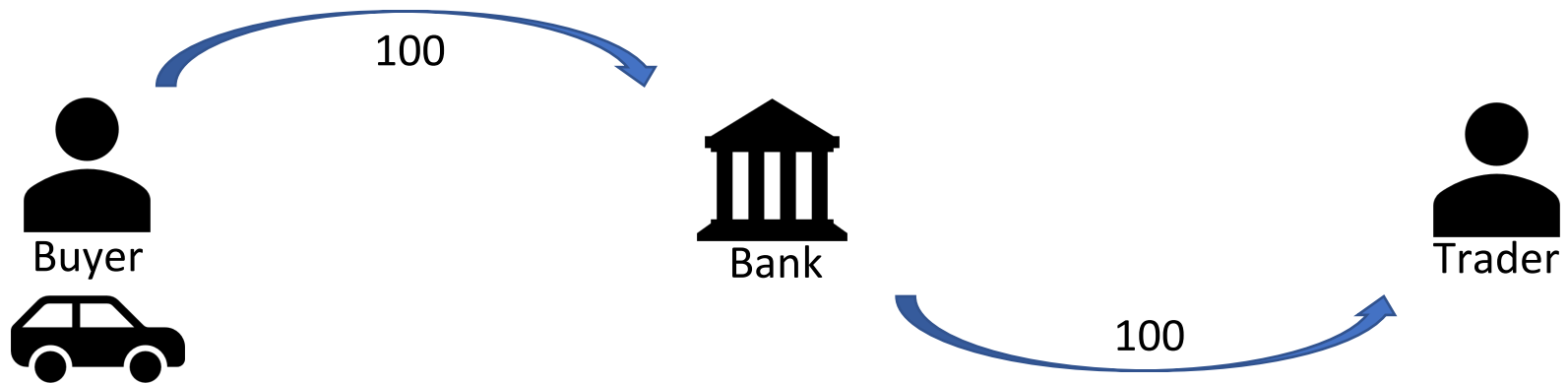
Credit conversion: Car purchase



Credit conversion: Car purchase



Credit conversion: Car purchase



The Credit Cycle



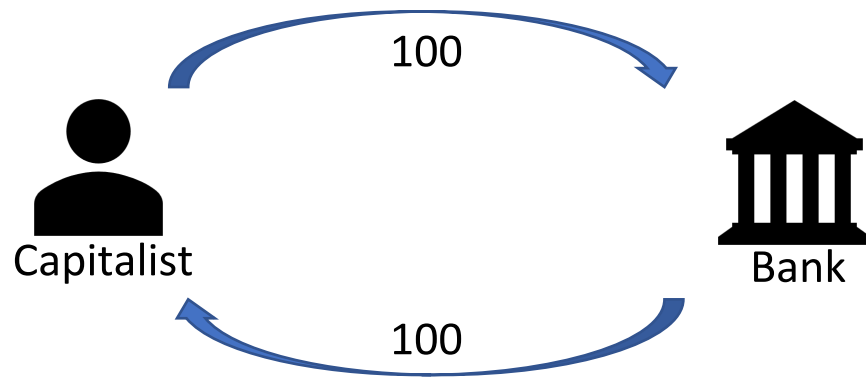
Capitalist



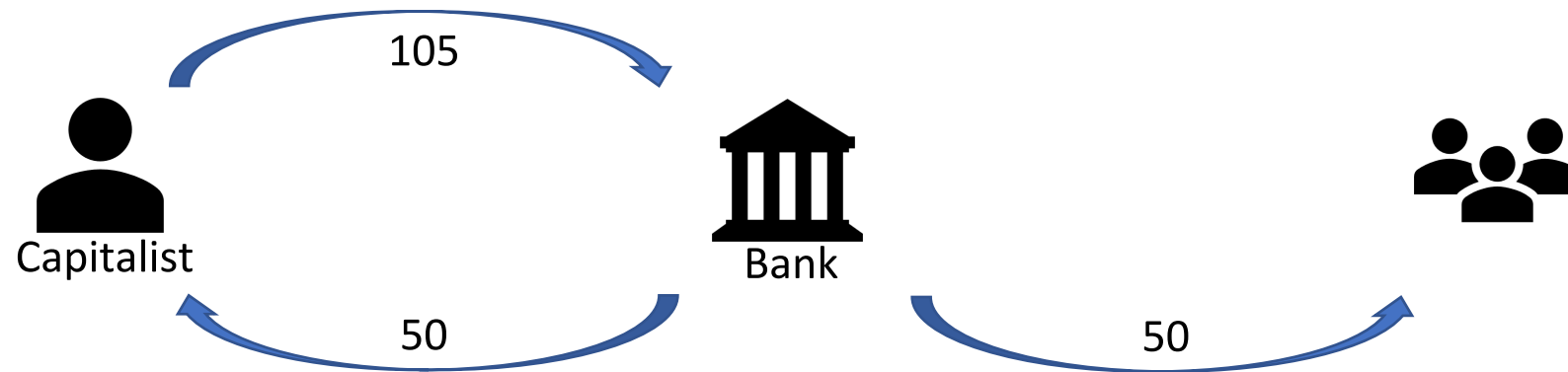
Bank



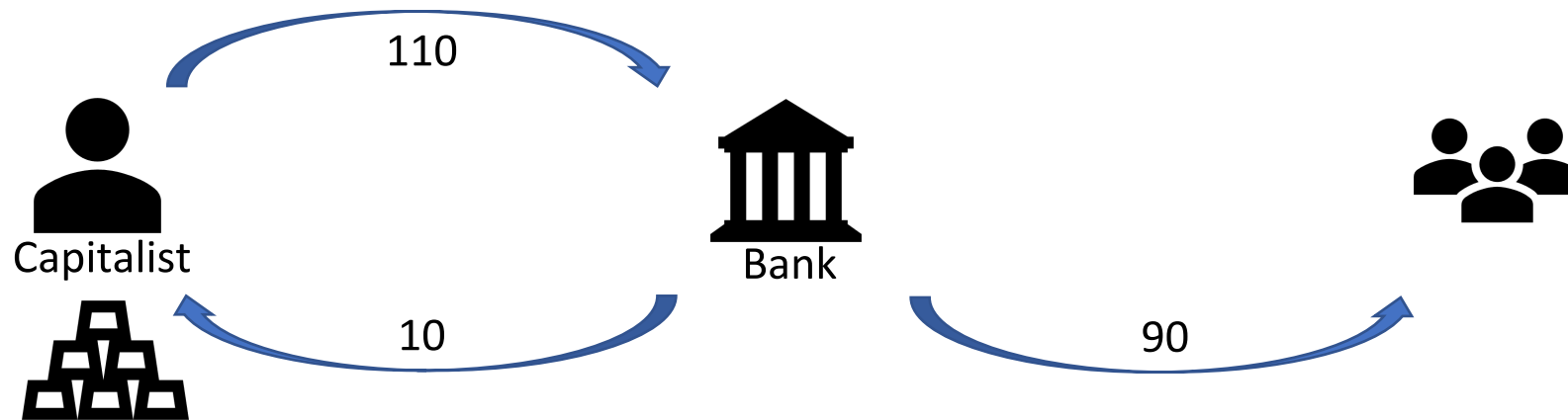
The Credit Cycle



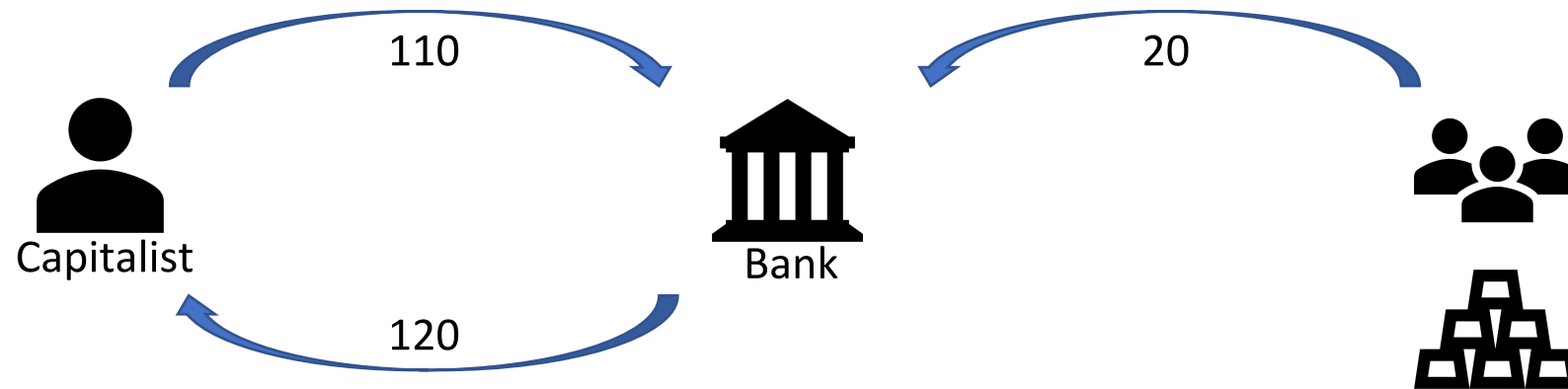
The Credit Cycle



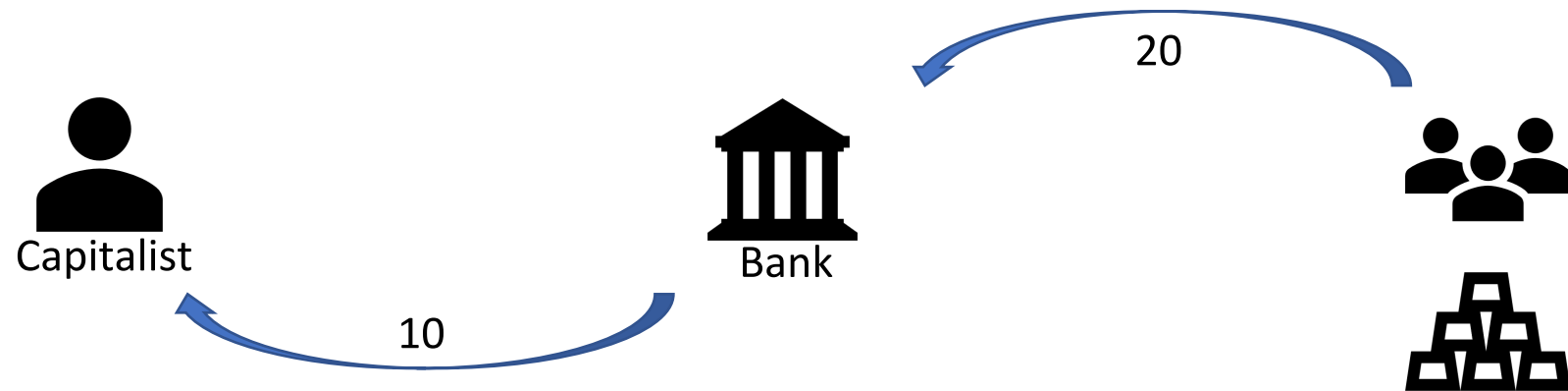
The Credit Cycle



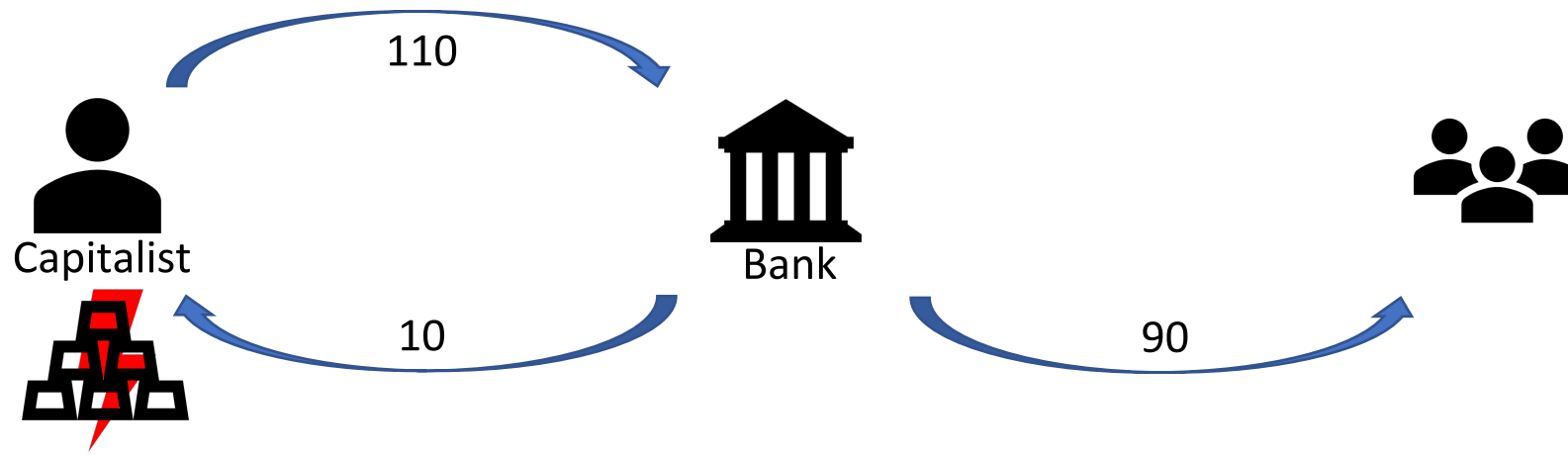
The Credit Cycle: Scenario # 1



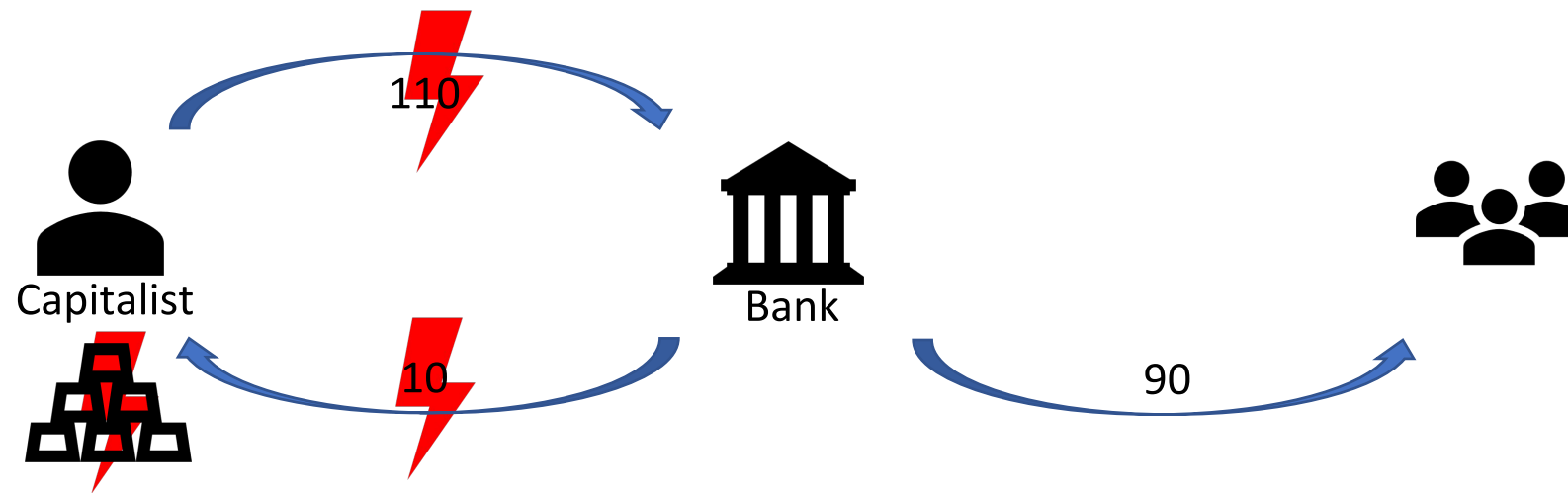
The Credit Cycle: Szenario # 1



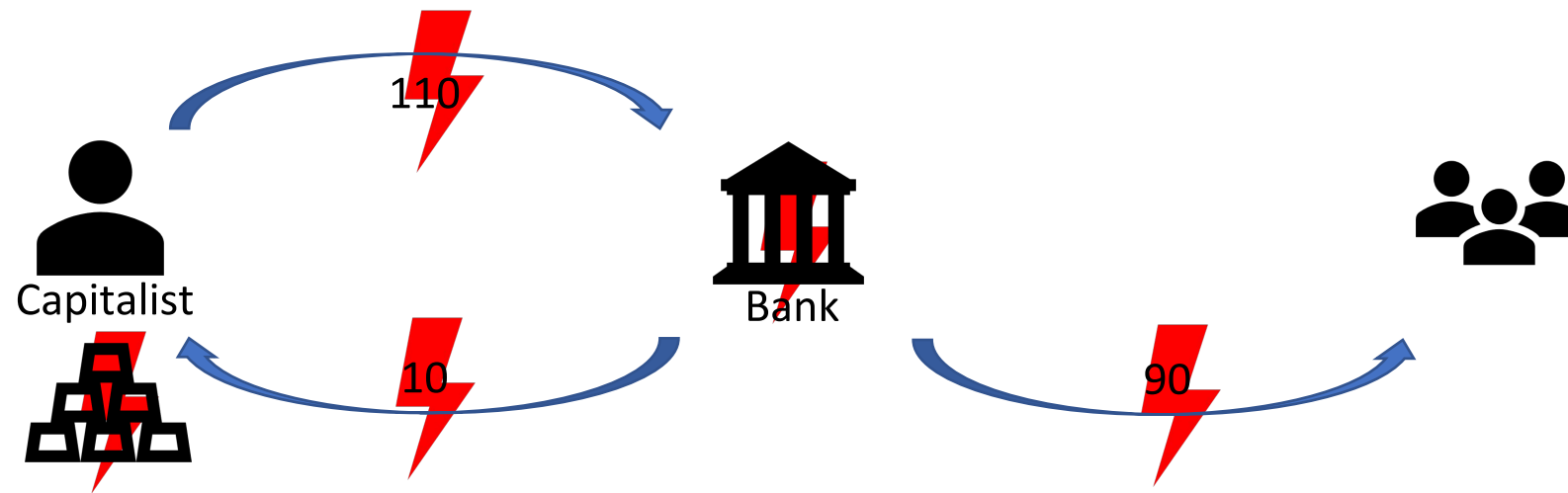
The Credit Cycle: Szenario # 2



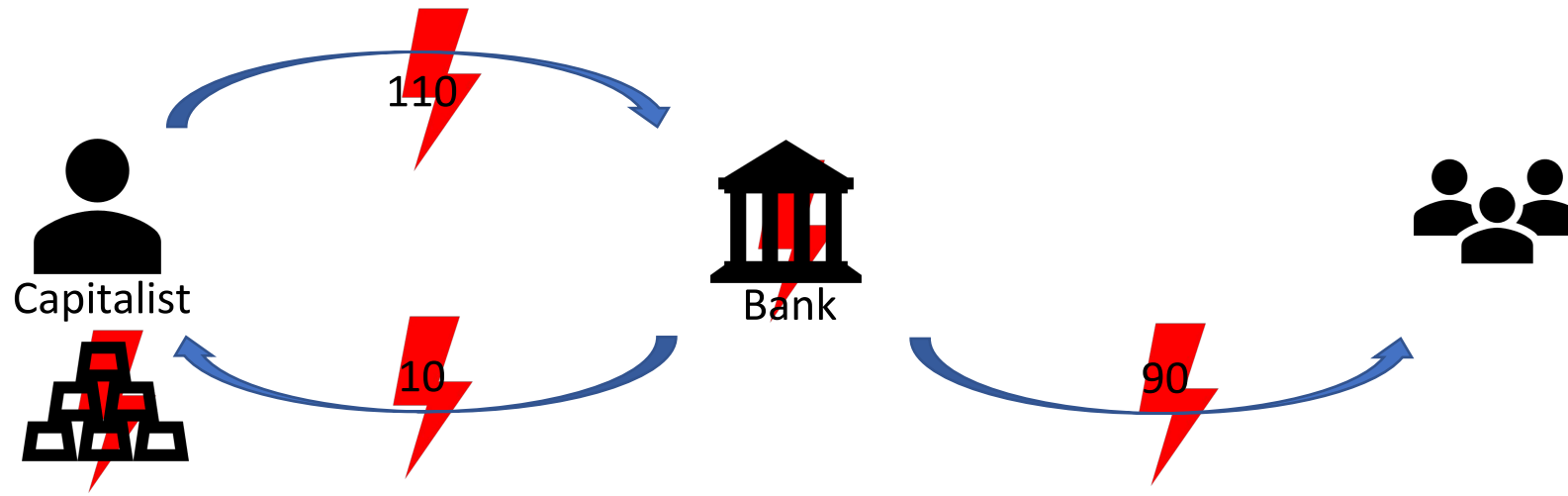
The Credit Cycle : Szenario # 2



The Credit Cycle: Scenario # 2



The Credit Cycle: Scenario # 2



Conclusion: Money must be spent in order to retain its value

**“the more government money
there is in circulation, the
poorer we are”**

Alfred Mitchell-Innes

“In France not so long ago, not only were there many different monetary units, all called by the same name of livre, but these livres (...) were again often classified into forte monnaie and faible monnaie, the government money being faible”

Alfred Mitchell-Innes

“Money originating from private sector debt is backed by a promise to work, to provide goods and services. We call this *productive money*.

Money originating from public sector debt is backed by a promise to tax. We call this *unproductive money* if issued in excess.”

AK, “Money, Credit Conversion and the legacy of Mitchell-Innes”

IOUs as tools of economic and monetary autonomy

	Passive usage	Active usage
Politics	Vote every 4 years	Participate in political decision-making
Money	Use (bank) money	Issue and accept IOUs