



THE FAZ PROJECT

A proposal for a post- scarcity society

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Abstract

The **FAZ, FINANCIAL AUTONOMOUS ZONE** is an alternative economic system based on abundance rather than scarcity. The objective of the FAZ is to create communities among people who share values, economic and social relationships and productive activities, providing them a legal tool of exchange like a "complementary currency".

The theoretical basis for the creation of an Abundance Economy is the fact, that we can prove, that the resources are always sufficient in the sense that they are always sufficient for each living unit in the time of his life.

We think that the information is the real Wealth. If resources are not infinite but abundant and their use is related to knowledge, it must be redefined the concept of wealth. The wealth of a community is given by the ability to organize information flows that generate income opportunities and this ability of the organization depends on the creativity and the cultural level of the given society. If wealth is not material, it follows that it is no longer necessary to be accumulated. That's change the idea of money, paving the way for the emergence of a notmoney.

The capital required for the development of a company is given by the knowledge of a society and their ability to organize it. Without this element, all the raw materials of the world would be useless and could not produce anything.

We call this body of knowledge the "Social Capital", the engine of development and growth of a society.

The remuneration of the Social Capital as a factor of production justifies a theoretical level the establishment of a basic income, defined "Life Credit": all members of a society have the right to participate in the distribution of income resulting from the use of a factor of production in the formation of which everyone participates, regardless of any measure of participation.

In the FAZ, money is issued in the form of negative rate bonds (TITAN). The money supply is made up of different monetary instruments and paper money is only one of them.

Since there is no need for capital accumulation, the currency can "die" over time relative to its capacity to stimulate investment. Those that are accumulated, is the knowledge of the company which in turn determine its level of wealth.

We have developed a model in which the money supply must be set on the quantity and quality of investments, and that distributes Life Credit extent appropriate to the level of production, tangible or intangible, of society.

The model makes the rules, according to Keynes model, for the issue of "complementary currency" for the financing of investments and for distribution as "Credit Life".

It does not require a Public Institution to start a Faz. It may be an Association in which the members, companies, shops, individuals, agree to accept at least 50% of the price, "complementary currency" in payment, and a company that issues the currency in the form of bonds a negative rate. This promotes local economies, of course, but in a short time it is likely that the "bad money" drive out from the market the "good money", according to the law of Greesham.

Key words: Economy, scarcity, abundance, Complementary currency, negative interest rate, new society..

About the author

Domenico de Simone is a lawyer and economist working in Rome. He was born in Rome February 2, 1949. He graduated in Law from Rome University La Sapienza in 1972, and then studied Economy and Philosophy in the same University.

Till 1997 he worked as lawyer for some important Italian firms, and still works as consultant for several Italian firms. In 1997 he published his first book, "*Manifesto della libertà: lineamenti di una filosofia della liberazione*" (Manifesto of freedom: outlines of a philosophy of liberation), and in 1999 he published the first book of economic argument "*Un milione al mese a tutti*" (One million per month to everyone) about Universal Citizenship Income. In 2001 other two books, "*Per un'economia dal volto umano*" (For an economy with a human face) e "*Dove andrà l'economia dei ricchi*" (Where is it going the economy of the rich). In 2003 the first edition of the book about the Faz Project, "*Un'altra moneta*" (Another Currency); the other two editions of this book have been published in 2011 and 2013 with the title "*Faz – Financial Autonomous Zone*", and the book "*Intervista sull'economia*", an interview about the history of economy edited by sociologist Carlo Gambescia, from the physiocrats until liberalism and Faz project. Other books in 2005, "*Parmacrack*" about the crisis of Parmalat, and in 2011 "*Crack! il tracollo economico dell'Italia*" (Crack! Italy's economic meltdown), and "*Il debito non si paga*" (The debt will not have to pay), about the financial crisis.

Introduction

In light of, and as a remedy to, the notorious, deep, and chronic damages (wage slavery, unemployment, de-industrialization, social injustice, misery, obscenely unequal wealth distribution, spiritual retrogression, etc.) inflicted to society by the present system of money management, we have devised what we believe is an alternative, and wholesome, model of wealth creation and distribution, whose performance hinges on a very particular conception and treatment of the means of payment.

In this last regard, the idea is to devise a monetary medium, whose nature and life-cycle is radically different from the traditional one —different, that is, from what is known as “loan-money,” which is put into circulation through banking debt.

Money-wise, the world, we know it, is ripe for (institutional) change: the discursive space is awash in reform proposals, denunciations, ideas, magical recipes, etc., but a true, alternative paradigm of political economy is still struggling to emerge.

One of the tenets of the FAZ is the strict non-indispensability of “finance-as-we-know-it” to a properly managed economy. Clearly, to support such a claim, serious critics are in need of a rigorous critique of the financial system and the process by which this very system creates of money.

The FAZ is rooted in cooperation, not competition; it aims to make the community prosperous through abundance, rather by than invoking the imaginary merits of allocating “efficiently” resources that are falsely assumed to be scarce.

Outline of philosophical and historical background

The idea of a Basic Income as an universal right has been conceived for the first time by Thomas Paine in the late eighteenth century. The idea was revived by Paul Lafargue, Marx's son in law, -but these Proudhon considered a hothead in his "Le Droit à la paresse", 1883", in which he strongly criticizes the labor ethic of capitalism. The spiritualist philosopher Roudolf Steiner, took up the idea and theorizes the payment of a periodic check to every citizen as a right to life of each. Bertrand Russell wrote memorable pages about the right to leisure, recovering Lafargue's themes, and the economist Henry George justified it as the distribution of land's income that in its conception belongs to the whole community.

A radical critique of the labor ethic is essential to understand the legal and moral foundation of universal basic income.

The Romans, which also elaborated a large part of the legal figures that still today we adopt, did not knew neither the right to employment either labor law. In fact, for the Romans, the work was a punishment and that its nature inevitably clashed with the concept of law. They had, however, very clear the distinction between work for the need (*operae*) and work as a free expression of human capacity (*opus*)¹.

In work for the needs, there was no human participation in the execution of an occupation. It was the activity proper of the slaves who, in fact, were not considered human beings, since they had lost their freedom. In

¹ The word *operae* (*opera*, *operae*) in the plural, is often used in a derogatory sense (Cicero and others), to indicate hired people, and the word always refers to a mere use of energy, whereas the word *opus* (*opus*, *operis*) indicates conscious and free activity. The distinction has survived in legal language, where the *locatio operarum* indicates gainful employment, and *locatio operis* intellectual labor and parasubordinate.

short, the slave was considered a mere source of energy, physical and intellectual, though devoid of their human characteristics, since it came from a source without freedom, and therefore devoid of any ethical dimension. The slaves had no choice. Their dimensions, was to be owned by someone who could dispose as desired of their energies and their body.

In the other case, on the contrary, the pursuit of activities was a man's choice who freely took his energies in the most suitable way to its nature. The possibility of choice, in fact, acts as a discriminating between what is ethical and what is not, between what belongs to human nature and what instead is to opposite. And the men of ancient times, could have that choice, for example in cultivating his field or make it grow to its slaves.

The same task took, therefore, a connotation entirely different if it was carried out by a free man. This is not a contradiction, since for our ancestors the factor which carried the activity was the spirit and not the body of man.

The activities appropriate to a human being were, for the ancients, those relating to the care of the soul. For this reason, the contemplation was the most sought after experience, and the contemplative idleness, which corresponds the oriental meditation, the highest virtue².

Even in Christianity the work was considered a curse necessary in order to stay alive, but not an activity worthy of free men and conscious³. Furthermore, for the logic of Christianity does not make sense to accumulate assets in the earth, when the real wealth is in spiritual activities. Slavery was formally abolished with the rise of Christianity, but it continued to live under various forms of bondage until the last century.

The work, however, was no longer reserved for slaves, who officially no longer existed, but it was indeed the conviction that humanity had to endure for the expulsion from Paradise. If antiquity poverty or condition of slavery were the penalty for the sins committed in previous lives, during Christianity, poverty becomes a kind of privileged position, since the life of suffering that was conducted by the poor was a kind of atonement that was an omen for Paradise.

This logic changed radically during the Protestant Reformation, mainly because of the thought of Calvinists.

The work becomes not punishment, but the possibility for man to redeem their curse. At work the whole of humanity can pay the original sin and prepare for the afterlife. In the work there is no sin, indeed the hard work becomes an opportunity to redeem the penalty imposed to men for trying to gain access to knowledge.

Thus it was born the work ethic, which is built on a new concept of power. The power in ancient times was represented by the direct dominion of a man on a group of men that arose from the strength. It was the power over men's bodies, because their soul was considered nonexistent.

The slaves, in fact, as well as women were considered soulless beings.

The new power instead dominates their souls and must therefore establish its dominion over ethics.

The enslavement process passes through the hope of salvation and this is linked to work. Bureaucracy, the secular management tool of a power exercised usually with the force of weapons adopts at this point, new forms of psychological coercion. This power translated into material forms of coercion, only by means of a formal act which the law or the decision of a judge pronounced in the name of law. The fact that the law or the courts were completely arbitrary was irrelevant: their legitimacy was descended, in general, by the will of the sovereign.

² Idleness is not to be confused with the inanity that, even to the Latins, brutish soul and body. The beautiful and famous epigram of Catullus " *Otium, Catulle, tibi molestumst: / otio et exultas nimiumque gestis./ Otium et reges prius et beatas / perdidit urbes.* ", Must not be misleading. The leisurely referred Catullo is the emptiness of the soul, as it is understood by the brilliant translation of G. Ceronetti (Einaudi Editore, Turin, 1969, p. 117): "The emptiness of your life is your evil / This vacuum lose all restraint / excite you beyond measure / antique Lords and happy cities / So they perished. "

³"The man was sentenced to work, the condemnation of the work was condemned, because the man left his real work, the work that was his life." G. Capograssi, *Thoughts to Giulia* by G. Lombardi, Giuffrè, Milan, 1979-81, III p. 108. "The goods producing jobs that meet immediate needs and sensitive, has become the essential work, the only human work and the amount became (not a pun) the only quality you both." *Ibid*, p. 308.

The large accumulation of capital that occurred in the seventeenth century and the process of industrialization that began in the following century had a material and a psychological premise. The gold and silver taken from the American mines, it formed the material's source, the new Protestant work ethic the psychological basis. The precious metals came in huge quantities in Spain and Portugal who possessed those territories, but there it did not develop any process since Catholicism hindered, in a first phase, the creation of a work ethic. For the Calvinist Dutch and German, and British pragmatists, work was rather a joy, because it opened up the possibility of salvation, and the accumulation of money for investment - in order to create jobs - became the tool to make sure a ringside seat on the road to salvation.

The power, in short, makes that task of concealment of the true nature slavish of the labor for the need. Extolling the work itself, hides everyone's eyes the fact that having to work for a living is an activity to be slaves, and not by free men. Which is that the source of alienation of modern man.

It is the work that confers being, it is the product of labor that gives meaning to human existence. The dichotomy between to have (the production of goods) and to be (the search for oneself) is lost up to blur the identity of having and being. The being confused with having it implies, therefore, that you are it is only if you have.

The work's ethic plays, therefore, an essential function for the existence itself of power. is for the maintenance of power, then, that the work still continues to be presented as an inescapable necessity, an eternal curse on men's shoulders.

It is thus completed, that ideological reversal for which idleness, that for Latin was the greatest virtue, especially in form of contemplative idleness, becomes in the modern world the most execrable of vices.

The work's ethic destroys human values, because it is itself the bearer of an absolute disvalue. By creating man, the production generates all its values, but this is absurd. A value in fact, is such only if it is an absolute, and therefore is not be generated. The work ethic, then, at first weakens all values, making them subject to the logic of production, then destroys them.

The work's ethic is the superstructure interface of ethics of capital, for which all values are expressed in terms of capital and indeed, this becomes the only referent and source of values. it is through this mechanism that capital becomes the true God: by the work ethic, men are subservient to capital and this generates the production that is the way of reproduction of capital itself. The capital becomes metaphysical and takes the place of God.

The triumph of the logic of production is not eternal. In gilanic society, which preceded it, according to the conference by Marija Gimbutas, patriarchal society, the economy was based on the gift and not on the exchange, the power was the "*Dunamis*" of the Great Mother, and there were neither the *Kratos* nor the *Arché*. it is for this reason that the great archaeologist and anthropologist Lithuanian preferred to scrap the term "matriarchy" coined by Bachofen in his "*Die Mutteracht*", because it contained the word "*Arché*" which recalls a form of power nonexistent in those societies. There was therefore no abuse of man by man, although recent studies have shown episodes of violence even in those societies, which, however, has yet to be given a reading unhurried.

The reasons that favored in the space of a few thousand years, the diffusion of Kurgan societies based on the dominance of the male, on war, and economic exchange, are still being analyzed. The most reasonable hypothesis is that the same structure of society gilanic, it same determining the extinction. The choice of sexual partner for reproduction, favored few men "elected", while others were unable to reproduce their genes.

This entailed an impoverishment of the genetic heritage of mankind and impeded the growth of human communities. At the same time, the level of individual consciousness of human society in the time of gilanic societies was very weak, almost nonexistent. All members of the community referred to the Great Mother and her "*Dunamis*". However, slowly, self-consciousness began to emerge, as told by the myth of Narcissus,

even if it was viewed as extremely dangerous and deadly. Self-consciousness was accompanied by the desire to reproduce themselves, a desire that men could only impose by violence.

The sexual impulse is not sufficient to explain the rise of violence in regulating of relations among humans. In gilanic societies sexual impulse _ it was satisfied by relationships that were mostly homosexual, and this explains the prevalence of homosexuality in ancient societies. Our ancestors were sexually free, and had no problem from this point of view. The question, however, was set by what can be called "*the selfish gene*", which saw ahead its extinction and that drove men to desire to create themselves to multiply the genetic types. According to research a few years ago, the genetic types grew from a few thousand to several million within a few thousand years following the irruption of Kurgan societies.

In other words, the economic structure of the patriarchal society, and pass from economics of giving to the one of exchange, with enormous consequences that this entailed, was determined by a vitalistic impulse that not only runs in the conception and in use of the the means of production for the individual survival and, at the deepest level, in life that produces life or in the intrinsic character of the species, such as writes Marx⁴, but in the necessity of which humans are carriers, to reproduce the human species favoring the multiplication of individuals and protecting it from extinction.

Patriarchy would have, therefore, been performing this task to ensure the survival of the species in a situation where this was endangered by the same social organization of human reproduction. At the same time, would have been determined and would have favored, with a feedback mechanism described brilliantly by Apostel, the growth of the individual consciousness, generating that separation of human hitherto indistinct at which it refers the myth of the androgynous narrated by Aristophanes in the Symposium of Plato.

The vitalistic principle and survival of the species it is therefore crucial for the creation of structural forms of production which in turn generate the ideological and political superstructure in which the principle vitalistic finds its expression, or is constrained and limited when the consciousness grows up to the breaking point of those superstructures.

Now that the individual consciousness, despite a thousand difficulties, has grown enough, patriarchy shows all its limitations and dangerous futility of violence that inherently accompanies it. The forms of production have generated tools that directly threaten the survival of the species, and the challenge is to build a system in which these forms are disempowered until their elimination⁵.

Some short considerations about a critic of financial economy

The reproduction of capital instrument, What makes it like God and even more powerful than God himself, is given by the interests. The M-G-M1 cycle, with $M1 > M$ is the fundamental element of this mechanism. The creation of money in modern society is done by creating debt, with the consequence that economic growth is always accompanied by an increase in debt. The debt, through the interest mechanism, creates an unequal distribution of resources and incomes, and over the economy grows more increases this unequal distribution. Interest payment mechanism is used as an instrument of power by the dominant system.

This fact was already known to the Jews that described it in the Bible (especially in Leviticus and Deuteronomy), stating that lend money to the people would have given great power, and warning that such an instrument could not be used against the Jewish brethren. For this purpose, it had been set up the Jubilee

⁴ From individual point of view, "... work, life activity, productive life itself, appears to man in the first place only as a means for the satisfaction of a need, the need to preserve physical existence. But life production is the life of the species. it 's the life that produces life. In a certain vital activity is entirely the character of a <species>, is its specific character; and free, conscious activity is man's character . life itself appears only as a means of living. K Marx, economic and philosophical Manuscripts of 1844, Einaudi, Turin, 1968, pp. 77-77

⁵ In this paragraph I quoted without giving credit excerpts of two of my books, One million to All (Malatempora, Rome 1999), especially for the critic of labor's ethic, and Un'Altra Moneta (Malatempora, Rome 2003)

year, or the year of cancellation of debts every seven years. The M-G-M1 cycle is closely related to the production cycle G-M-G1, which is the foundation of ethics of labor and economy.

Outside the production there is no justice, because outside of the production there is no being. This it is the concrete way in which the value of justice is appalled by the production's God and then destroyed. The capital offense becomes the one against the logic of production. All others offenses can be forgiven, but that's the only one that leads to death sentence⁶.

In modern society the salvation consists of the insertion in the production process. And now that the work is ending, that machines are taking over the material workspace, and soon also begin to occupy the spaces of the immaterial, it began to spread doubt that this society leads to hell. Also because it turns out that the devil is cheating. It is not true that it is necessary to work for salvation. It is not true that there are not the resources that the state deficit is not solved, that work must necessarily be so intense and brutalizing. Nor is it true that wealth can not be distributed fairly.

As we will demonstrate the resources are not scarce, but on the contrary, they are always sufficient. And work for the needs is a penalty from which we can and must free ourselves very quickly. This is the ambition of the project Faz.

The philosophy of the FAZ

Abundance, not scarcity: the fundamental principle of the FAZ is that resources are always sufficient to achieve whatever is needed by the community at any given time. To argue otherwise is to construe as natural (unjust) conditions that are, de fact, entirely man-made.

To imagine a change in our society it is necessary to change the economy, basing it on the abundance rather than scarcity. According to Richard Stallman (GNU Manifesto, 1985) and Cory Doctorow (Down and Out in the Magic Kingdom, 2003), an "*economy of post-scarcity*" is a system for the management and allocation of resources always sufficient to meet the needs perceived by individuals, where instead the economy as we know, or the "*economy of scarcity*", is a system in which there is an efficient allocation of scarce resources for definition, or always below the needs perceived by individuals.

According to Frank Tipler (Physics of Immortality, 1988), resources are unlimited – so abundant but, of course, not endless – on the physical realm, in the sense that *they are always sufficient for each living unit in the time of his life*.

A concrete example of unlimited abundance and yet finished is solar energy: mankind receives from the sun 3,850,000 exajoules of energy each year, while the total power consumption is less than 440 exajoules.

The fact that this abundance is not yet available shows that the problem of resources is an issue to be seen as not-objective but in perspective, that needs to be placed on the cultural level and not on a level of mere counting of them, given a certain capacity utilization.

This, in fact, depends on the scientific knowledge, that has a capacity of growth that is greater than the growth of the expansion of the life in the universe.

The demonstration provided by Frank Tipler is based on considerations of Friedrik Von Hayek (Selected Writings, 1972) according to which the capital of a company is the revenue streams generated from the company itself. For these ideas of Hayek, the criteria for evaluation of public limited companies are

⁶Questo è il vero rovesciamento del cristianesimo, nel quale tutti i peccati possono essere perdonati tranne quelli contro lo Spirito Santo, ovvero contro la coscienza universale, alla quale appartengono le nostre singole coscienze individuali, che ne rappresentano ciascuna una frazione.

completely changed since the seventies, and are now based on ability to generate income rather than on the value of assets held. The corporate capital is not a sum of goods which have their own intrinsic value and is the way in which existing resources are used that determines how the income streams are generated.

Income opportunities generated by the use of company's total assets is a function of information flows that can be managed by the company itself. It is possible, therefore, to define the resources in terms of opportunities and therefore of information flows, manageable by an organism.

Tipler concludes that the resources in the universe are always sufficient, since it is demonstrated that the amount of information that can be managed in the lifetime of an organism, is necessarily less than the total available information, whatever the speed of management of such information. This organism could be an elemental life, a society, a galaxy or the entire universe and does not change the nature of the phenomenon⁷.

Resources are abundant, not endless, of course. The decisive factor in the economic process is not some chimerical notion of "intrinsic value", but rather the peculiar uses to which resources are put. What drives these "uses" is the agents' very mentality and comprehension of the soil, technology, and rejuvenation of the entire productive cycle, along with a keen sense of distribution to strike the proper balance between social and ecological peace.

In this sense, resources represent opportunities, as well, as some have said, "*flows of information*", which convey directly to the users what "*the organism*" (be it society, the sun, or the body) truly needs for its proper functioning.

Wealth, we know it, is information. Wealth is knowledge.

The very knowledge, furthermore, that intimates that *money* —the crux, pivot, and *vector* of the economic process—, by nature, cannot be a merchandise, but only a symbol — the symbol that sets everything in motion for the benefit of everyone, and which, therefore, cannot but be owned in common. And that is to say that money should be issued only exclusively through communal mints, *never* through the channels of an "industry" (i.e. banking) to which constituencies have (unknowingly) sub-contracted the formidable power of (modern) coinage.

Social Capital, Life Credit and Investment Credit.

The first, and momentous, consequence of this assumption is that *there is no need for any material accumulation of capital*. The capital required for the development of a venture consists of the knowledge of a given society and the ability it possesses to organize itself. Without such knowledge, all the raw resources of the earth would remain idle. This we call "*Social Capital*".

According to this view, for which a community's capital is the wealth of everyone, regardless of the level of his or her direct participation in the economic cycle, every human being is entitled a social dividend of sorts, a natural communal basic income. This we call "*Life Credit*".

It is understood that such a basic income must be commensurate with the scale of the investments being made in a society. A portion of each investment goes to remunerate the factors of production and the entrepreneurial risk, but another portion should indeed remunerate the "*Social Capital*" of the community, in the form, as said, of "*Life Credit*".

⁷"By definition, the number of possible arrangements which can be coded by I bits of information is 2^I . Following Hayek and equating total wealth with the number of possible arrangements, we get 2^I for wealth of society, so the wealth grows as $2^{(\text{subjective time})}$. This is exponential growth. Since subjective time goes from zero to plus infinity, this means that wealth increases exponentially forever in subjective time." F. Tipler, *The Physics of Immortality*, Mondadori, Mi 1994 pag. 256.

The Universal Basic Income, originally envisioned by Thomas Paine for humanitarian reasons and social equality, thus finds a clear economic matrix.

As it happens nowadays, however, this part is systematically dissipated in the vortex of speculative finance, a vortex which is bottomless because interest on monetary capital never stops growing (exponentially). And in order to repay the endless cycle of loans, more interest is added to a snow-balling mass of debt that sucks, in turn, more interest. And so on.

Credit is not intended here as a substitute for income from regular work: it is meant to complement the latter, and its amount should be determined by positing “*subsistence*” —the dignified minimum needed to nurture one’s talent and development— as the lower bound.

Thus quantified, the community’s aggregate human wealth (i.e., its “*social capital*”) should coincide with the community’s money supply. Under a proprietary regime of money management, such as we have today, the equivalence obviously does not hold since there is no creative, genuinely “*economic*” counterpart to the enormous and ever swelling mass of speculative money (esp. of derivative products).

In these terms, everyone, as a potential manufacturer of wealth broadly defined, is entitled to an individual line of credit. Each is entitled to his share of the community’s monetary supply. This entitlement goes under the name of “*Investment Credit*”. And, as it conventionally takes place, anyone is free, if he so wishes, to transfer his investment credit to a third party, whom the primary recipient deems more capable than himself of turning the credit into greater wealth.

The financing system must provide an absolutely automatic mechanism of loans delivery. Each citizen is the holder of a personal loan to society. When he asks the disbursement of this credit, his credit is reduced for the part that required for delivery. Later, as they return the credit received, of course, without interest, its credit capacity is growing again but more so than the linear one, since it has demonstrated its ability to generate wealth from the credit. If he is not able to repay the installments, his credit will reset and start growing again for the portion deserved by the increase of the Social Capital.

All persons, natural and legal, have their own credit worthiness. For individuals, this is the same for everyone. For legal persons the credit capacity depends on their impact on the economy of the country, not unlike the way they are valued today by the banking system, through the Basel3 parameters. Even for legal persons is valid the same principle to which the return of credit obtained involves a nonlinear increase of their credit worthiness.

A company or a person who has in mind to realize a project that requires investment in excess of their own credit capacity, can turn to the market, not unlike the way it does now in the Stock Exchange, with the difference that, however, this possibility is not limited to listed companies but to all those who have a project and the ability to expose it properly. People can ask for all or part of their own credit capacity to finance the project by becoming shareholders through the disbursement of these funds.

In short, the mechanism does not change much the rules of the current loans to businesses, but it changes radically their nature because, as we shall see, money at negative interest rate is substantially unusable for speculative trading or outlawed, while it is very convenient for operation of real investment.

Non-Money.

The realization of an investment in a FAZ proceeds in the following manner. Money is put into circulation as “investment credit”; the capital amount is determined by the project’s estimated life-cycle, and by the number of participants. The suitable monetary instrument for the purpose is a common bond, yet one carrying a *negative rate of interest*.

This is the essential aspect of the entire reform plan.

The beauty of a monetary means burdened by a rate of depreciation —as if money itself carried an expiration date— lies 1) in its power to erase debts as it circulates, and 2) in its disappearing, through natural obsolescence, in concomitance with the assets it brought into existence.

The operation of a negative rate of interest also prevents the accumulation of financial capital by greatly boosting money's *velocity of circulation*.

In the money equation by Fisher, ($M*V=P*T$), namely that the Monetary mass multiplied its Velocity of circulation is equivalent to the total Transactions multiplied by the Price level, the term V tends to be a constant in an environment with a negative interest rate. No one will find convenient to request the granting of credit if he does not have the assurance to spend it very quickly, because otherwise this capital unnecessarily wastes away.

And to keep prices stable it is necessary that monetary emissions are carried out on investment. In a negative interest rate environment, however, the money supply is reduced daily to a share commensurate with the established annual negative rate of interest. This implies that the system tends to be deflationary and therefore more emissions are necessary, in addition to those carried out to finance investments.

At the same time, the investments generate an increase of wealth for the Kahn & Keynes multiplier is two to five times the invested capital. In fact, empirical observations have shown that this multiplier, especially for investments in intangible assets, can have a much greater size.

In any case, we consider that if the minimum multiplier is 2, it is possible to emit an amount of money equal to the investment disbursed as an anticipation of the wealth that will be generated from that investment.

These emissions must remunerate the "Social Capital" and therefore be distributed among members of society equally for all as a universal citizen's income. How is easily arguable, these disbursements are closely related to the economic level of a given society and to the measure of its "Social Capital".

Consequently, the Basic Income is theoretically capable of satisfying primary needs of every citizen allowing to live in dignity without being forced to work. From another point of view, these disbursements issued on investment, support the demand generated by these investments and should generate a virtuous circle demand and supply that are mutually supportive.

The measure of Basic Income will depend on the economic level of the country, and therefore the level of its "Social Capital". How is easily arguable, the Basic Income can grow, if it grows the "Social Capital", but may also be reduced if a country is impoverished. Because of the definition of wealth that we have given above, to impoverishment it means the decay of the cultural level, the depletion of the population, excessive levels of bureaucracy and corruption.

It is probable that in a Faz environment corruption is less convenient and more difficult. Less convenient, because the risk to run is greater than the benefits drawn from them, and because it is impossible to keep long the proceeds of corruption in monetary form, as the currency is at negative rate. It is more difficult because the controls with a currency that since the beginning will necessarily be only virtual, are much greater, and because it is presumable that the corrupt may fall in a hostile environment ready to denounce his misbehavior.

In fact, because corruption can reduce the level of the Basic Income, many people will point the finger at bad behavior unless they are not themselves corrupt, but since the price of this corruption, must necessarily be of a much higher level to the Basic Income, illegal actions do not become affordable.

This is so because a medium that loses value in real time cannot, by definition, be hoarded. It must be spent, invested, "consumed." It is, thus, as if the economy were continuously goaded into producing and putting to work all available resources, human and otherwise. Depreciation thus unleashes the community's full potential.

The magnitude of the rate itself is to be taken as an average rate of obsolescence of a representative basket of goods covering the whole spectrum of physical durability—from the most perishable (e.g. vegetables), to the most durable (e.g., buildings).

This type of money is logically conducive to an economic environment that is deflationary, since the monetary mass is continually diminishing; and the diminution is only countered by the level of investment.

Because ordinary bonds—which carry a positive, debt-generating, rate—are issued by debtors as loans wherewith to obtain funds at a price (interest), they must be redeemed at maturity. Not so with the negative-bearing obligations we propose. These gradually lose value; and this means that the principal amount will be zero by the end of the investment period for which they have been issued.

Every investment generates more wealth than the amount of the same investment, according to Khan & Keynes multiplier. This allows the issuance of another amount money for “Life credit”, that will be commensurated to the investments' amount.

The benefits of the FAZ

The FAZ is advantageous to all.

The State would benefit from such an arrangement because it would be in a position to supply far more, and better, services without any tax increase. Tax pressure would, as a result, be alleviated.

Furthermore, the implementation of a FAZ would lead to a more scrupulous monitoring of communal expenditures, upon which, indeed, the allocation of investment credit rests. The outcome of such a tighter self-perpetuating control of public finance would function as the most efficacious impediment to corruption and graft.

Businesses would always find themselves suitably funded, never, that is, in a position of suffering the imposition of more or less (and legal) usurious interest payments.

All they have to do is return the capital they have been loaned, one installment/depreciation-allowance at a time, without interest, until the debt is exhausted.

The constant drive to investment, create and produce (“investment credit”), on the one hand, and the consumption guarantee of the social dividend on the other, represent for businesses a ready and secure outlet.

This by no means signifies guaranteed profits for inefficient outfits: competition would remain keen.

Finally, firms and companies would always have the option to finance themselves by drawing on the pool of domestic savings, which, in the absence of the conventional placements of the rentier, must necessarily be channeled to the entrepreneurs of the real sector.

The citizens would be able to choose, and prepare for their preferred line of work, without having to get in a line to beg for a corporate job, whose constricting scarcity, ends up blackmailing them into subjection and into performing an alienating routine they very soon come to resent and detest.

The associations animating the FAZ would thereby have the opportunity systematically to plan for an exponential increase in the number and quality of cultural, spiritual, and scientific endeavors (in the allocation of social capital).

Labor legislation can be expected to be fully liberalized, because it will become manifest that the life of the community cannot depend on the fate of a single factory, but, rather, on the efficiency of the system as a whole.

An example from the 1929 Crisis. During the Great Depression, a group of Swiss entrepreneurs, in order to cope with a crisis not unlike ours, which suffered at the time a 50% unemployment rate and a dramatic shortage of liquidity, resolved to print money outside the legal remit of the State-sanctioned banking network. This group counted 16 members in 1934.

The money they printed is precisely of the kind we are re-proposing in this draft: it came in the form of negative-interest-bearing bills that could not be hoarded. The entrepreneurs named their association and monetary circuit, "WIR" (short for "Wirtschaftsring", which in German means "economic circuit," as well as the pronoun "we").

The association started its operations by pooling the un-redeemable debts of the members and exchanged them for a nominal amount of WIR-denominated marks, which could only be spent within the WIR-network itself.

In few years, membership grew dramatically and Switzerland's economic difficulties were greatly alleviated by this system.

Currently the WIR circuit counts 65,000 companies; in 2011, more than 18 billion Swiss francs worth of loans have been extended to its participants.

The FAZ wishes to emulate the exploits of the WIR, not just by focusing on small and medium-sized enterprises, for which it has been indubitably been an unmitigated success, but also on private individuals and governments.

The Big Picture

The goal of the FAZ is to build an environment in which self-interest may simply coincide with the common good. To build an inclusive society, there is no need for anybody to sacrifice and give anything up for the sake of others.

Nor is there any need to swear any kind of ethical or ideological oath.

Compared to the setting of an agrarian society, which is completely static, or that of an industrial environment, in which innovations are implemented slowly and very erratically, a *post-industrial society* de facto requires a very swift changeover in the morphology of labor itself: it is, indeed, impossible nowadays for an individual to axe his whole identity, survival, and energy on "the one job for life." Rather, it is the system that should function as the individual's entire framework of reference. Only in this way, will the quality of "work" be able to keep up with technological innovation.

In a FAZ, the fiscal system will gradually disappear from the horizon of workers and enterprises: it would thenceforth be confined to regulate and legislate over the proper limits of the accumulation of critical factors of production in terms of public utility, such as land, houses, or sophisticated and ponderous machinery.

The financial system should be closely linked to investment risk.

Financial income will be taxed in progressive fashion in order to prevent the accumulation of too much power in the hands of too few.

A dual currencies system

In a dual currency system, such as could emerge in application of the Faz project, the introduction of "perishable money" would drive out the country's official currency, would be either hoarded or used exclusively for foreign trade.

The new money could be issued as State fiat-money with its own name, or, alternatively, as a official country's-denominated bond, bearing a negative interest rate.

In point of fact, this is not a novel idea, even for the traditional system of money-management. There have been in the past several issuances of bonds carrying a negative rate of interest.

Warren Buffett floated over a billion dollars' worth of such bonds, which were fully subscribed in a few hours. In 2001, a similar maneuver was undertaken in yen-denominated securities by the Société Générale, which wagered that deflation would bring down Japan's general price level by a magnitude greater than the negative rate applied to the bonds sold.

In last ten years, many Central Banks experimented the negative rate of interest following the Swedish Central Bank that first applied in 2009, trying with some success, to push commercial banks to lend to companies their money and not deposit it in the Central Bank.

In the same year 2009, the main Press hosted two strange articles about the negative interest rate: the first was the NY Time, who hosted an article by Gregory Mankiw, former professor at Harvard and past economic counselor of President Bush, who arguing about a Fed report in which was claimed that the perfect interest rate in that period for the Fed should be minus five percent, tried to introduce the idea of a negative interest rate to apply to all bank deposit exposing also the way to do it and the possible consequences. The other strange article was written on The Financial Time by Wilem Buiter, who was then professor at London School of Economics, and past member of the Bank of International Settlements for the BoE. This article was a little essay about how the negative interest rate works and the way to apply it, but it was refused by the most of the readers of the British Financial Newspaper in the comments area, with rude expressions and menaces taking weapons to destroy such a crazy idea. Probably it was still too premature arguing quietly about this topic, and above all the most of FT readers are people strictly conservative.

From a strictly psychological viewpoint—in order to facilitate the introduction and smooth diffusion of the new money—it is expedient that participation in the scheme be voluntary.

In any event, the advantages to be reaped by all parties from such a scheme are plain to see. A proper advertising campaign can efficaciously drive the point home. Ideally, the project should be launched regionally, by starting with a region in which, clearly, the economic conditions are most promising.

A preliminary study should assess the requisite level of capital for the experiment, and estimate the level of the negative rate in connection with the appropriate volume of monetary emissions. The implementation of this trial requires on the other hand the establishment of a communal "credit union." This new communal bank would create and administer the checking and savings accounts in the new currency, as well as manage the conversion of the latter in dollars, and vice versa.

Public, let alone corporate, resistance to the new scheme is likely to be strong at first. The skepticism may be partly overcome initially by greatly alleviating taxation under the new regime.

Conclusions

In conclusion, the FAZ is the most direct way to build a society based on the solidarity behavior without requiring sacrifices and relying rather, on selfish individual. It's a tool that supports aggregate demand, resulting in recovery of the real local economy, do not create harm to the economic and financial system because it does not affect the debt and encourages the development / evolution of the network culture and society.

The not-money is a measure that prevents the accumulation of money and drives people to spend the money to feed their skills and therefore their creativity. In the end, the main stimulus will be the individuals' creativity and the achievement of ambitious personal and collective targets.

Using the same logic that drives the open source world, people will be brought to work together to seek personal glory and not money which only became an unit of account. It will be a long and painful process to remove from the minds of the people the gods of money and its alleged salvific function.

The Faz system may build an environment where the individual interest coincides with the common interest. To build an inclusive society, there is no need anybody to sacrifice and give up to anything in favor of others. And there is no even need a adhesion to system based on ideology or ethics.

Each one can and must pursue their own self-interest, because by doing so, in the environment created by Faz, they pursues the public interest even if they do not want to. Compared to the agricultural society, which is completely static, and the industrial one, where innovations come slowly, the post-industrial society requires a rapid evolution of the work.

It is impossible for people's survival depends on the job, but it must descend from the overall efficiency of the system. Only in this way, the quality of work will be able to keep pace with technological innovation. In a faz environment, the fiscal system will gradually desappear for workers and enterprises, and it will be used exclusively to limit the accumulation of materials wealth, as land, houses or machines that may give a rent.

The financial system must be closely linked to the risk of investment, but also the financial income will be taxed in increasing measure to prevent the accumulation of too much power in the hands of a few.

The Faz environment is tendentially deflationary as exposed before. But, to avoid the psycological effect of the Greesham law, is necessary that all goods be priced for a long time both in local currency as in no-money, that supply offer be greather than demand, and that the government severely prevent the establishment of syndacate on prices. The competition between companies is the best guarantee against unjustified prices increases.

Finally, in an environment Faz, corruption in both the public and private sectors will be very difficult, because it robs wealth directly to individual citizens, and each of them aware of corruption will be brought to denounce it and make it public.

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