

# The Three Economies

Why we must  
get rid of debt-based economies  
and adopt surplus-based economies  
in their place

# The Three Economies

- There are 3 possible kinds of economy:
  - Sustainable economy
  - Debt economy
  - Surplus economy
- Lets take a look at each one in turn...

# The tub in my bathroom, part 1:

- In my bathroom there is a large tub half full of water
- Every day one cup of water is added to it and I take out one cup of water to use
- The amount in my tub stays the same.
- Forever!

# The tub in my bathroom, part 1:

- This is 'sustainable' because I never use more than what is added every day.
- The same thing will happen with my money, energy, and many other things.
- Now imagine this happening 6.85 billion times faster, over the whole planet, every day (everyone has a tub!).
- It makes no difference. The result is still 'sustainable'!

# The tub in my bathroom, part 1:

- Now imagine that we've been doing sustainable economy for a while...
  - Things don't actually get better, but at least they don't get worse!
  - We have to be very careful all the time to restrict the amounts we use.
  - We have to be on our guard all the time.
  - We can't waste anything because we need it all.
  - This means we can't experiment, or make mistakes.
  - There is no margin for error.
  - It isn't the greatest situation, but it is much better than the next example.

# The tub in my bathroom, part 2:

- In my bathroom there is a large tub half full of water
- Every day a cup of water is added and I take out a cup **plus one teaspoon** to use
- It might take a long time but eventually my tub will be empty
- The same thing will happen with my money, energy, and many other things
- This is called continuous deficit
- It empties out my resources

# The tub in my bathroom, part 2:

- To ‘cover’ my deficit I will have to borrow water from someone else
- Which puts me in debt (‘negative amounts’ of money)
- Which will keep growing as long as the deficit exists
- When my tub is empty, where will I get water to use?
- I can’t drink ‘negative amounts’ of water, can’t eat ‘negative amounts’ of food, can’t wear ‘negative amounts’ of shirts and pants.
- Can you???

# The tub in my bathroom, part 2:

- Now imagine this happening 6.85 billion times faster, over the whole planet, every day
- Imagine the desolation this will cause. All these empty tubs...
- **The key word associated with debt-based economy is 'shortage'.**
- Does it sound familiar?

# The tub in my bathroom, part 2:

- Now imagine that we've been doing debt-based economy for a while...
  - Things get worse gradually. Maybe so gradually that we can ignore them for a long time. After all, there is still plenty of water in the tub.
  - What is important to understand, and remember, is that **the amount of water in the tub is going to keep going down because of the way in which we use the water.**
  - We must upgrade our understanding of using water, our attitudes about using water, our thinking about how water should be used, our perceptions about water, our ability to project what will happen in the future if we continue doing things in the same way.
  - **It is the same thing with the use of money!**

# And down the toilet we go...

- In reality this is what we've been doing for a while. Let's look at the current situation:
- What is happening on the family level?
  - More people are in more debt than ever before.
  - From our perspective it means that more people's tubs are running out of water
  - Which means they will have to borrow water from someone else
  - And inevitably use some of the water they borrowed to pay for the water they borrowed.
  - Leaving them with even less water to use in the future.

# And down the toilet we go...

- What is happening nationally?
  - In the United States of America, **theoretically** one of the richest countries in the world (and definitely one of the most copied in the world):
  - Gross National Product for 2010 was about \$14,183\* (think about this as ‘the USA family’ income)
  - US debt for 2010 was about \$13,562\* (think about this as ‘the USA family’ credit card debt) it is almost equal to the total income for the year.
  - **Imagine your own credit card debt being equal to your total annual income...**
  - Debt service for 2010 was about \$414\* (think about this as ‘the USA family’ interest payments. Remember that the principle still needs to be paid.)
  - The 2010 annual deficit reached almost \$1,100\* by the end of June. (think about this as ‘the USA family’ charging even more on their credit card)
- \*All in billions of dollars

# And down the toilet we go...

- How long before ‘the USA family’ has to declare bankruptcy?
- What does it look like when a country goes bankrupt?
- Who are the creditors?
- Which creditors get which assets?
- This will happen, sooner or later, in every country that borrows money from anyone!

# And down the toilet we go...

- Imagine no debt, which means no debt service, which means \$413,954,825,362 additional money available in 2010 for the government to use to help those who need it.
- **Please send me a note and let me know what you would do with \$414 Billion dollars to make things better.**

# And down the toilet we go...

- And what is happening globally?
  - Humanity is consuming resources at a rate of 30% more resources than sustainable
  - Think about it this way: for **every** \$100 you earn, you spend \$130. Every \$100, without exception. Day in and day out. Week after week. Month after month.
  - Another way to think about it is that for every cup of water that gets put in the tub we take out a cup and a third (Multiplied by 6.85 billion).
  - How fast will the tub become empty?
  - How long before 'the world' 'goes bankrupt'?
  - What does it look like when a world goes bankrupt?

# So the real questions are:

- Are we smart enough to stop this madness and become economically sane?
- Are we smart enough to build a different economic system?
- An economic system that will not be intrinsically destructive?
- Can such an economic system exist?

# The tub in my bathroom, part 3:

- In my bathroom there is a large tub half full of water
- Every day a cup of water is added and I take out a cup **minus one teaspoon** to use
- It might take a long time but eventually my tub will be full
- The same thing will happen with my money, energy, and many other things
- This is called continuous surplus
- It increases my resources

# The tub in my bathroom, part 3:

- I end up with extra water that I can use for anything I like
- I will most likely use a good part of it to increase the amounts of my other resources
- Maybe I can plant another tree and water it with the extra water I have
- And have more fruit next year. To eat, dry, make jam, give to my neighbors...
- Now imagine this happening 6.85 billion times faster, over the whole planet, every day
- Imagine the prosperity this will bring
- To everyone

# The tub in my bathroom, part 3:

- Imagine that we've been doing surplus economy for a while.
- The result is an increasing number of people have increasing amounts of surplus they can use to improve their lives, improve the lives of their children, improve the lives of their friends, and maybe even buy your products and services.

# Summary

- The three economies:
  - **Sustainable Economy** in which we use all the resources available to us. Living 'on the edge' all the time. No margin for error. What happens if we spilled some of our water on the way to water the garden?
  - **Deficit or debt Economy** in which we have just a little bit less every day. *We will experience ever decreasing levels of resources for the majority of people on the planet and increasing numbers of 'resource deserts' where resources are not available.*
  - ❖ **Surplus Economy** in which we will experience just a little bit more every day. *We will experience ever increasing levels of resources for increasing numbers of people on the planet.*

- Please view the “Surplus!!” slideshow next.