Toward a Common Theory of Value | Common Trust

James Bernard Quilligan

Beyond The Credit-Debt Pendulum: A Search for Common Value

This series of articles examines the meaning of value in economics. Through the lens of the commons, we hope to stimulate a rethinking of the goals, methods and conceptual structures of economic theory and its modes of action. In Part One, we considered Aristotle's contrast between C-M-C' (the exchange of useful things through sufficiency and credit in the household) and M-C-M' (the money-making activities of commodity trade and debt in the market). This important distinction—which reveals how the early market economies broke away from the legal, customary and ethical constraints of pre-modern societies—has influenced commons thinkers down the centuries. Karl Polanyi called Aristotle's economic formulation "probably the most prophetic pointer ever made in the realm of the social sciences; it is certainly still the best analysis of the subject we possess" (*The Great Transformation,* 43). Yet, as Part Two suggests, Aristotle's guideline needs to be recalibrated for the economic realities of the 21st century, since household sufficiency doesn't begin to describe the many facets of the commons that we recognize today.

Many reviews of economic history begin with gifts, move to barter, and then explore money, banking and credit. But as numerous scholars have observed, barter has played only a marginal role in economic exchange. Anthropologist David Graeber (*Debt: The First 5,000 Years*) maintains that credit existed long before barter and money. Surveying the monetary history of world civilization, he traces long-term swings between credit and debt systems in which barter was not a significant factor (Figure 1). During eras like the Agrarian Age and the Middle Ages, for example, virtual credit systems were dominant and the economy was deeply embedded in everyday households and communities (C-M-C'). Economists Bernard Lietaer and Stephen Belgin (*New Money for a New World*) have described how the principle of *demurrage*—a fee charged for holding a currency without spending it—created prosperous societies in Ancient Egypt and Medieval Europe through a form of social sharing and redistribution based on credit. Serving as a kind of deflationary algorithm or negative interest rate, demurrage supported the polycentric values of matriarchal culture, customary traditions and community democracy (although such societies were not completely free from centralized command structures of production and distribution).

Following these long stages of social cohesion and interconnectedness backed by credit, the historical pendulum veered to debt-based systems of money (M-C-M'), which encourage individual separation and social disconnection. During periods such as the Roman Empire and Modern Capitalism, powerful monocentric systems (of hierarchy and patriarchy) impose a single currency upon citizens to ensure the payment of tributes or taxes to a governing authority. The economy is disembedded from society through the accumulation and concentration of capital by a ruling class and the separation of local resource producers and users. For the people in these communities, oppressed by hierarchical governance, consolidation of wealth and debt payments, daily life is conflictual, static and isolated.

Figure 1

Predominant Global Monetary Regimes

Agrarian Age 3500 - 800 BCE Virtual Credit Money	*Axial Age* 800 BCE - 600 AD Metallic Debt Money
Middle Ages 600 - 1450 Virtual Credit Money	*Capitalist Age* 1450 - 1971 Paper Debt Money
Second Axial Age 1971 – ?	

The year 1971 marked the beginning of a new monetary era, although it's unclear what direction this regime will ultimately take. Since the United States ended the international gold standard, shifting the global economy from fixed to floating exchange rates, societies have been wandering through a miasma of mixed signals. *For forty years, the world's people have been asked to hold two contradictory theories of value at the same time.* One moment, free market ideology is persuading us that value arises through the unrestricted, scientific price signals of supply and demand in a self-regulating marketplace. In this version of reality, money is value-neutral and we are all perfectly free to obtain credit (through wages, investments and savings). The next moment, our financial news pages and personal bank accounts are reminding us that fluctuations in the value of money result from the humanly managed signals of interest rates—a growth imperative crafted by a handful of people at the world's central banks. In this version of reality, money is not value-neutral and everyone is deeply enslaved in debt (through interest and tax payments).

During these past four decades, the objectivist theories of structuralism and behaviorism—that *all values are relative*, since nothing whatsoever can be inferred about individuals beyond their spoken or written words and body language—have been put into practice by economists and government policy makers. This scheme of economic positivism (monetarism, deregulation, financial and trade liberalization) has conditioned many people to believe that external facts have no moral significance and may be entirely uncorrelated with human consciousness, meaning, life-experiences and values. Thus, market prices have become our most important facts, outwardly present, immediate and real—while currency value has come to represent only a vague kind of subjectivity, shunted to the background of awareness where it is taken for granted, its language and significance blurred. Most of us now accept the prominence of objective price over subjective currency value as an essential feature of our post-modern information society. Yet both of these measures of value—*collective meaning as market prices or as interest rates*—are specious. Yoked together in the crucible of political capitalism, these false options are generating mass cultural schizophrenia and political protest all across the world.

Our common trust in the value of prices and money is nearing a breaking point. Out of this struggle and collapse, a more holistic approach to knowledge, meaning and human possibility is emerging, although not as Aristotle envisioned. In a broad sense, economic history does resemble a dialectic between poles:

> *credit*—C-M-C', including gift economies which express the feminine values of care, collective interest and cooperation
>
> *debt*—M-C-M', involving commodity economies which are driven by the masculine values of rationalization, self-interest and competition

Yet this *either/or* framework is not the complete story. It fails to encompass the broader world of human value before it was separated into householding credit and money-making debt (and the reunification of value that will ultimately transcend this dichotomy). In a world historical sense, these pairs of opposites derive from a deeper systemic whole. A third source of value creation is coming into view: the natural, social and cultural commons of humanity. We are recognizing now that wealth arises from the capacities and cultures of earlier generations; the regenerative capacities of Earth and its living creatures; our shared values, understanding and institutional structures; networks of social connectivity; and the language of the ordinary world of social behavior and well-being. This is a major evolutionary step, since *common value* has never before guided economic exchange on a global scale.

Outside a Small Circle of Gifts: The Loss of Inalienability

The Internet has launched an unprecedented period of sharing and collective action. Open software communities, wikis and collaborative websites have become an extraordinary source of productivity, innovation and efficiency. Self-organized resource communities such as Trade School, Gift Circle, Giftflow, Neighborgoods and Shareable are demonstrating new possibilities for decentralized creativity, inclusiveness and cooperation in the circulation of resources. These open networks are helping people rediscover the self-determined customs and norms that traditional communities have always used in nurturing and protecting their common resources, whether in fishing grounds, grazing pastures or community plazas. Increasingly, resource producers and users are becoming active participants in their own cultures, revitalizing their communities through open source incentives and creating an inclusive sense of self. From Slow Food and Slow Money to free software and open access publishing, new forms of community self-organization and social technology are restoring human relationships to their former connectedness and sufficiency in local values.

At the heart of these social ethics and practices is the principle of *inalienability*, a recognition that our individual, separate selves are vitally connected to other people and to the Earth. Since our Being is inseparable at this foundational level, we realize that the greater cycle of natural and social gifts—which we inherit from our ancestors, enjoy during our lifetimes, and pass on to those who come after us—must be protected from the expropriating grasp of ownership, profit and interest. Inalienability teaches that the commons are so essential to human life and identity that they should never be turned into fungible units of money or commodities for the marketplace. This realization of Being—expressed through the humility and gratitude of gift exchange—resists all monetization of the commons through cash exchanges, legal contracts, commodification or property rights. Such enclosures destroy natural resources, undermine social relationships, dehumanize individuals into passive consumers and dispossess people from their commons.

Much commentary on the commons has rightly focused on why the present interest-bearing economy is not sustainable. Yet it is important to give equal attention to why a return to the idealized model of gift economics is not sustainable either. Many resource communities which strongly support the inalienability of gifted objects also uphold alienable forms of reciprocity to enforce community norms for their commons. Reciprocity is, after all, one of the primary tools that commoners use in negotiating resource sharing agreements through governance (terms of barter, cooperative management structures, exclusion of access) and production (producer-user arrangements, hybrid systems of outsourcing, shared distribution chains). But in adopting such rules, we often minimize the fact that *once reciprocity is introduced into a commons, the pre-modern forms of economic integration break down and the inalienablity of the gift is dissolved* (Figure 2).

Figure 2

Forms of Economic Integration in Pre-Modern and Market Societies

Pre-Modern	*Market*
Gift	Commodity
Inalienability	Reciprocity
Rural Household	Urban/Foreign Market
Matriarchal	Patriarchal
Polycentric	Monocentric
Periphery	Center

The essential lesson about the gift economy is that *the giver of a gift does not expect to receive something in return from the recipient*. Inalienability simply means receiving a gift in the spirit with which it is given—in pure gratitude and without a sense of guilt or compulsion to repay it with a countergift. The recipient of a gift may indeed experience gratitude, yet there is no expectation, obligation or *quid pro quo* to give something back (even though the recipient may choose to do so). But here is where it gets tricky.

We want to be present to our commons as legacies from earlier generations, gifts of nature, and the creations of social communities. Yet when there is no enabling environment for the realization of *presence value* (the ontological recognition of a common resource through its production and management), our exchange of goods and services as gifts actually strengthens the reciprocity economy and veils the conditions by which a new system of economic value may be built. Even with barter, we are unable to return to a pure economics of sharing and gratitude because our deepest desires to be creative and generous are still affected by the commodity structures of the world's current system of economic value.

Without a supporting context for sharing—rules and institutions that enhance people's sense of generosity and gratitude—our practice of economic exchange adheres to a monetary standard of value which is already rooted (both ideologically and structurally) in the social obligation of compensation. *As long as reciprocity is viewed as a characteristic of a gift commons, gift exchanges do not express our interconnectedness and inseparability with others and all of life.* Objects of barter or commodities that fulfill a moral or social obligation may indeed be given in gratitude; yet this is quite different from the inalienability of gifts that are given without expectation of reward, unaffected by gain or loss. A return to community gift-giving by itself does not transcend the hierarchical infrastructure of social reciprocity or redistribute the assets of economic wealth and power.

The Trouble with Commodities: Reciprocity and its Disenchantments

What's appealing about pure gift economies is their absence of boundaries. As commons scholar Lewis Hyde (*The Gift*) has explained, communities of the past (and many today) set no borders on their exchanges with families, friends and community groups. When a gift is given at a minimal social distance in a local setting, *only the gift and the social relationships are of value*. On this limited scale, where the spiritual, moral and economic life of the community is transparent and people have high levels of trust, Being is easy to realize. Beyond these small gift-circles, however, something else occurs.

With the introduction of barter, commodity exchange and the charging of interest on loans, an implicit boundary is drawn between the people within a community and those on the outside. Through this formal separation, a new moral standard emerges: it becomes *a social obligation to exchange things with the expectation of reward*. Rather than a benefit shared by the community, the value of an object is now calculated as a material increase for certain individuals, affirming them as discrete selves, separate from the group. This is the development of a *reciprocating generosity*, which reduces the community norm of collective interest to the financial transaction of self-interest. Once this line is crossed from irredeemable gratitude to reciprocal obligation, and exchange no longer connects one person with another at an intersubjective level, the inalienable gift is emptied of meaning. It is now an object of property, dissociated from a personal to an impersonal relationship through trade boundaries and social barriers. This denaturing of the object—from the inclusive Being of the gift to its (re)presentation as an exclusive commodity—is the history of the disappearance of the commons (Figure 3).

Figure 3

Brief History of the Disappearance of the Commons

- Commodities become detached from their real value as gifts beyond price
- Use value is transformed into exchange value
- Cooperation, altruism and mutuality are displaced by reciprocity, calculation and utility
- The State emerges to protect private property and defend the home land through legally sanctioned violence
- Civil law replaces customary or moral law
- The world becomes increasingly mechanical and decontextualized
- Access to nature is restricted
- Society is divided into creditors and debtors
- Exchange takes place through a currency based on bank debt
- Interest charges promote competition and encourage perpetual growth
- Commercial exchange expands
- Alienability becomes marketability
- Common faith and community bonds deteriorate
- The significance of tradition and culture are diminished
- Morality and natural law become a matter of self-interest and personal choice
- New owners are granted legal titles to common properties
- Commoners are forcibly displaced from the same forests, streams and fields they had once considered inalienable through customary law
- Material wealth and poverty exist side by side
- The boundaries between centers and peripheries are strengthened through trade
- The principle of a double economy pertains in long-distance trade: one set of policies for the domestic population and a different set for those abroad

As a relationship of mutual dependence between people, reciprocity has become a double-barreled principle in modern society. Reciprocity calls for a kind of normative equity by encouraging the community or a central authority to enforce social standards through the punishment of individuals who exploit others. While the norms of reciprocity anticipate social cooperation, they also leave open the door for individual or mutual refusal of such cooperation. Reciprocity thus encompasses the human capacity to either repay a kindness with kindness or a betrayal with revenge (since an individual is free to choose between them). Hence, reciprocity carries the *asymmetrical meaning* of an expected return or corresponding action—whether this is an informal, benevolent and fair exchange or involves the harmful effects of formal competition, profiteering and usury.

The ambiguities of modern liberalism allow us to pretend that we still emulate customary gift-giving, while enforcing the legal alienability of property. When we sell our labor, goods and services for the social benefit with the objective of personal gain, we are not honoring the spirit of gift exchange but the legal obligation involved in the trading of goods and services. Political capitalism may *encourage* voluntary philanthropy, but *requires* structured reciprocity between unequal pairs (nature/society, friend/stranger, spiritual increase/material interest, borrowing/loaning, buying/selling, demand/supply, periphery/center, customary law/civil law, people/government, domestic/foreign). The social dissonance that results from this epistemological blurring of the gift with the commodity creates mixed motives, encouraging the commodification of human activity and inviting further enclosure of the commons. What is needed is an inclusive framework of social exchange that goes beyond the cohesion expressed in small gift circles (gratitude, connectedness, empathy) and the sense of separation expressed through commodities (obligation, isolation, utility). Before exploring this more encompassing unity of value, we turn to examine the significance of complementary currencies.

Complementary Currencies: The Problem of the Whole

The critique of debt-based currency is well known. When money has to be borrowed at interest from a central bank, it becomes expensive and artificially scarce. To pay back this interest either means making more or higher wages, borrowing additional money or going bankrupt. And in competing for money to pay back the banks, people and businesses overproduce and overconsume, contributing to the endless material growth that leads to economic and social inequalities and damages to the long-term vitality of the environment. Complementary currencies are created to overcome this duality. Unlike barter, complementary currencies establish a unit of account (a token, receipt or computer entry) for the adjustment of mutual credit. The circulation of these supplemental monies is intended to unleash the local creativity, interdependence and abundance which national currencies thwart. The local economy becomes stronger and more resilient by matching the quality of goods and services with the quantity of money in circulation, thereby enhancing cooperation and building community. The use of local currencies in exchange for local goods also reduces the need for long distance transportation and the level of greenhouse gases, leading to a cleaner environment.

Rather than dismantle the debt-based system of interest, however, complementary currencies try to slow it down or neutralize it. Some proponents call for *zero interest* rates to eliminate material increase and recreate the equitable conditions of the gift economy. A form of *negative interest* has also been suggested for realigning the interest-driven economy. This would be a time-related charge on outstanding currency balances that penalizes people who hold on to their money for too long, encouraging them to spend or invest it. In either case, by making credit abundantly available through zero or negative interest, *complementary currencies would match the unmet needs of society with the unused resources which scarce, debt-based money fails to connect through the marketplace*.

Yet this formula does not address the problem of the whole. Leaving the system of interest-driven money in place while creating a parallel interest-free currency does not constitute a new unity of economic value: it just creates objective and subjective polarities. These opposites do not comprise a greater monetary unity because they are still embedded in the rules and institutions of one of the poles—the centralized, hierarchical monopoly of banks and states and their official standard of value. Here's the underlying problem. With the possible exception of Ven, few complementary currencies have successfully created their own standard of value. Some, like Time Dollars, LETS and Bitcoin, do not try. Others, such as Ithaca Dollars, Toronto Dollars and WIR, link their money to the value of a national currency. In nearly every case, when a complementary currency creates a unit of account without a new standard of value, it actually reinforces the scarcity ethic (of meeting human needs with unused resources) which, of course, is what the currency was intended to reverse (Figure 4).

Figure 4

Unresolved Duality in Monetary Exchange of Complementary Currencies

Interest-Free Currency Vs. Interest-Based Currency

(the standard of value in both is based on the scarcity ethic of matching unused resources with unmet needs)

The difficulty here is not the focus on needs but the creation of value through the production and management of *unused* or *underutilized* resources. Under the world's present political regimes, some form of property ownership (whether private, public or collective) is required for the right to enclose and develop unused resources of significant or even marginal social value. The creators and users of complementary currencies do not create political accountability structures (like trusteeships) to protect these unused resources from enclosure. With neither the political leverage nor an independent standard of value to secure the sustainability of natural, social and cultural commons, complementary currencies provide little incentive to reduce the world's growing amount of *overutilized* resources which are generated through interest and debt. This, in turn, creates disincentives for the use of complementary currencies. Instead of power shifting to citizens through these new monies, most people simply gravitate back to interest-bearing currency, since it's more efficient when everyone uses the same unit of exchange.

What originated as a critique of the duality of the debt-based economy (the division of the world between credit and debt) ends up in yet another form of dualism that maintains the *status quo*. Instead of an undivided, autonomous standard of value that allows the world's economic system to regulate itself according to the money available, the new monetary system is framed in terms of objective units (interest rates) and their subjective opposites (zero or negative interest). By allowing interest and debt to persist, this dual-track system simply perpetuates the exponential growth of money and discounts the sustainable value of all commons, whether rivers, forests and indigenous cultures or solar energy, intellectual property and the Internet.

Mutual credit systems are greatly needed at local and regional levels and alternative currencies are an earnest step in that direction. But so-called complementary currencies won't rebalance the conventional money system because they are not actually complementary. Technically speaking, *complementarity* is the unified diversity of a whole operating through the sum of its parts, not an adjustment arising from one part of the system. To supplement an interest-driven currency with its opposite does not create a complementary exchange system. *The ultimate goal is not to supplement but to supplant the interest-based system of currency with a standard of value that does not result in scarcity.*

Chasing Flows: How We Confuse being with Being

Information systems seem to represent a spontaneous, self-organizing model that transcends barriers and connects people together, opening the space for Being to arise. As Lietaer indicates, these flow systems require a balance between two properties, *resilience* and *efficiency*. Since debt-based money systems decrease their own resilience by overemphasizing efficiency, it seems obvious that the way to restore the diversity and interconnectivity of resilience is to increase the flows of currency. Many groups (including gift, alternative currency and commons advocates) are prompted to address the social deficits of poverty and need by increasing the flows of information and money through networks of human exchange. Indeed, as filmmaker Adam Curtis (*All Watched Over by Machines of Loving Grace*) has noted, numbers of people believe that flow networks linked by computers have the capacity to create a self-organizing and non-hierarchical social order that can balance and manage itself without centralized control. Many social activists say that this could rebalance the consolidated wealth and power of the modern technological infrastructure and its surplus of stock. (The term 'stock' in this discussion refers to a *property of systems behavior*, not to the capital account of a business security in a stock exchange.)

Yet the extent to which these underdeveloped flows are dependent on, or embedded in, the overdeveloped stocks of capital and technology is largely unaddressed. The temptation to view money purely as an information system minimizes the role of the machines that serve this system, the corporations which house the hardware for communication networks and information flows, the financial incentive structures that allow corporations and banks to accumulate capital and consolidate wealth, and the power of the decision-making behind these networks. While the diversity and interconnectivity of information systems may seem to express the values of democracy, equity and justice, today's flow networks are enmeshed in the very stock systems which commodify individuals into products, uphold the division of labor between producers and consumers and widen social inequality. For example, people who use social technology casually to share personal information are also providing advertisers and businesses with technical information to target their interests as consumers. Organizers using social technology to plan political mobilizations do so by benefiting the corporate earnings of Twitter and Facebook. The mass production of hardware for social technology, which increases the power of social networks, is also increasing the layoff of workers through computerization.

Structural parallels between the human brain, the computer and the market are compelling, but it is vital that commoners see where these analogies fit and where they break down. *The values sought by social networks—diversity, polycentrism, interconnectivity and non-hierarchical order—are necessary but not sufficient conditions for a new unity of economic value*. Since flow networks are only a partial expression of collective human value and meaning, they (re)produce yet another form of subjectivity in a world that continues to be perceived as a polarity between subject and object. *Evoking the subjective benefits of flow networks does not create a countervailing force against the existing system but actually rationalizes and embraces its unequal structures.*

When we speak of the values of self-organization and spontaneity that arise from the commons, we must also recognize that 'self-organizing, spontaneous communities' is precisely the definition of free markets, which operate exclusively in an interest-driven environment. The stimulation of network flows does not transform this system (as Keynesians are learning) because within this interest-driven environment, *flows are generally conceived as debt* (finance, aid, loans, deficits), while *stocks are seen as credit* (trade and capital surpluses). These pairs of opposites do not generate the same spiritual and social increase as the inalienable bonds of gift exchange because they are conceived in the asymmetrical context of interest-bearing money, return on investment, legal contracts and hierarchical social order. *There remains a huge discrepancy between the presence value expressed in the enduring nature or inalienability of the gift and the time-bound value of the commodity expressed through price and interest*. Increasing network flows does not automatically restore the environment, neutralize interest rates, redistribute resources, integrate resource producers and users, or clear the imbalances of these natural and social costs in real time. Instead, the double standard of economic reciprocity remains deeply entrenched in everyday life.

Thus, we are back to Aristotle's original dilemma. The entire thrust of monetary history has shown that no amount of stimulus of C-M-C' (householding, use value, self-sufficiency) will counterbalance M-C-M' (money-making, exchange value, self-interest) and reintegrate the economic system. When people are not acting in mutual trust through resource management communities or communities of practice, they remain embedded in the monocentric dynamics of the larger system. This is why ethical, moral, peace, social reform and religious movements cannot escape the rationalism and materialism of the Market State and liberate people from the old forms of control. This is also why important systems values—such as re-localization, resilience, pluralism and diversity—are easily mistaken for the new politics of meaning that is necessary to challenge the authoritarian exercise of political power and develop a fully integrated framework of social exchange.

Of course, new economic and social policies *are* needed to promote interconnectivity and redistribution through increased flows of matter, energy, information and money. But the ontological context needs to be broadened. As philosopher Martin Heidegger (*Being and Time*) cautioned, what we call ordinary value is just a linear form of social thinking which calls itself 'being' because of its self-organizing capacities, but has actually become divided from Being. Self-organizing systems promise an egalitarian social order, but cannot transform the overriding hierarchy and power of material growth (surplus value, capital accumulation, supply-side economics) which stands in the way of Being. A clearer vision of social exchange is needed. It's time to consider how the present economic conditions of division (commodity, scarcity, reciprocity) and unity (gift, sufficiency, inalienability) may be reintegrated through a greater unity of value. For it is only by seeing the whole that we may understand the meaning of the parts.

Stock and Flow: The Real Meaning of Complementarity

The commons express both the inalienability of life as a gift which inspires gratitude for our abilities and resources, as well as the socially negotiated norms and rules of reciprocity. Yet more is required. We cannot continue to base our social exchange systems on economic units (like currency, prices, contracts, households, factories, corporations, jobs, consumer demand, individual preferences) that follow rates of growth which are not commensurate with the biosphere in which they exist. Since the Earth itself is developing without growing, its subsystem—the economy—must eventually conform to this no-growth ecology. However, *Being is more than a steady-state or natural order in which systems regulate and stabilize themselves through a network of feedback loops. The economic unity that we seek is far greater than simply matching present resources (supplies, abilities) with needs (demands, rights) through the algorithms of growth or no-growth.*

Systems theory, complexity theory and information theory show that economies are complex, adaptive living systems similar to natural systems. Information systems, physics and biology also demonstrate that resource systems are not self-balancing as was once believed, but unpredictable and constantly changing. Yet there is a way in which these resource systems are similar. Flows of matter, energy, information or money concentrate in a stock and are then recycled as a flow, whether this flow-stock cycle is instantaneous or involves delays of varying duration. As Elinor Ostrom explains, "Resource systems are best thought of as stock variables that are capable, under favorable conditions, of producing a maximum quantity of a flow variable without harming the stock or the resource system itself" (*Governing the Commons, 30*).

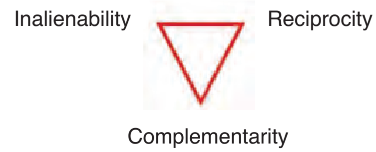
The most irreducible fact in economics is that resource systems may either be *depletable* (natural, material) or *replenishible* (natural, solar, social, cultural, intellectual, digital). This is why we need to be looking at the *complementarity* of the stocks and flows in resource systems—not just the flows themselves—to give us a better indicator of sustainability in a world of disequilibrium and instability. Indeed, the complementarity of Earth's systems (mind, life, matter) demonstrates that ***the only way depletable and replenishable resources can be conceived as an economic unity is through the relationships and connectedness that human beings share with them***. Value does not originate independently through communities or their resources, but in the *relationship* of the communities to those resources. What unites stocks and flows is that no one person may claim them as property—it is our trusteeship that makes them common. This complementarity can arise through gratitude (gifts, sufficiency, replenishability) and reciprocity (commodities, scarcity, depletability) only as the result of human trust. ***It is our trust that provides the powerful, aligning bridge for a commons-based economics, where commons are both the resources themselves and the social relationships developed by the people who preserve, produce, manage, access and use them*** *(Figure 5).*

Our Crisis of Trust: Seeing Things Whole Again

The free market is often described as a special 'trust among strangers' which organizes the impersonal exchange of goods and services among autonomous individuals over vast distances.

Figure 5

Transcending the Polarity in Today's Economic System



Similarly, the state is said to be based on a unique 'social contract' under which people give their sovereign trust to an authority in return for security, quality of life and happiness. Yet the economic and political crises erupting now across the world are exposing the breakdown of the people's trust in both the Market and State. Restoring that trust—and bringing our lives back into alignment with the bio-systems of Earth, our collective heritage and the social bonds between us—means applying the principle of complementarity to the underlying realities of stocks and flows, both for ourselves and for generations to come. Our task is to develop a political and economic system that roots power in people and communities and allows us to meet present and future needs through the production and governance of the commons.

When people take responsibility for managing common resources through collective practice and intentional action, it releases their innate human capacities for sharing, honesty, service, compassion and creativity through the cultural life of the community. For example, when a local group maintains its water systems or its parks, or when an online community manages a chatroom or an information platform for mutual benefit, the power of decision-making is distributed among members in their different roles as resource users and producers. These relationships determine not only the production and distribution of goods and services. They also shape the consciousness of individuals and the development of their local rules and institutions, ensuring that nature, culture and society are all embodied in the community's self-determination and sovereign rights to its commons.

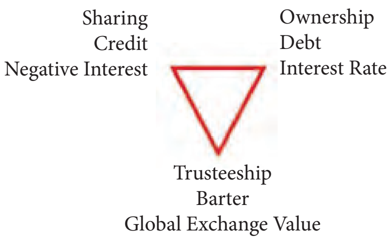
When we preserve a commons and ensure that its resources remain commonly available, these activities foster responsibility and public spirit, enabling us to work together and improve the quality of our lives. Far-reaching bonds of trust are created when resource users produce and manage their own resources, creating a worldview broad enough to see human beings as an interdependent and intergenerational part of the complex web of life. As the tumultuous history of credit and debt reveals, the development of an equitable economic system that contains both replenishable and depletable resources requires a major leap in human self-understanding. *It is only our trust in the complementarity of stocks and flows that can reintegrate the unity of the gift with the division of the commodity through a greater synthesis. Only human trust will reunify a society within itself and with nature.* Indeed, this is the Being that eluded Aristotle.

Commons Trusts: The Era of Barter and Global Exchange Value

Graeber's insight that global monetary history may be viewed as a polarity between credit and debt economies has great resonance today. It is the challenge that began this discussion: whether collective value originates in the unrestricted signals of supply and demand in the marketplace, through the managed signals of interest rates by the world's central banks—or from some third source. There are many signs that a new era of common value is emerging. ***Barter****, which has never been a significant factor in social exchange, is becoming a major alternative to money. A commons reserve system of* ***global exchange value*** *is also being proposed to replace the fractional reserve system of money* (Figure 6).

Figure 6

Evolution of Metrics toward Global Exchange Value



Both barter and this global scale of value must be grounded in new structures of political accountability. This will involve cooperative associations to protect and manage the shared property of a commons by holding it in trust. Commons trusts (including social charter initiatives, resource management groups, mutual credit systems, cooperatives, cooperative banks and credit unions) are already reformulating the meaning of socially created wealth through co-structured rules and institutions. Unlike national and alternative currencies, *the primary aim of commons trusts is not to increase the flow of productivity and value by matching presently underutilized resources with people's unmet needs*. That would simply follow the way the existing money system works, requiring the *ownership and production of underutilzed resources* to generate interest and debt, thereby creating scarcity and forcing economic growth.

In the emerging era of barter and global exchange value, commons trusts will focus primarily on the condition of *overutilized resources*. Each trust will determine a resource differential rate which compares how much of its resource to use in the present with how much to set aside for the future. Trustees then put a cap on the maximum extraction and use of this commons, protecting a significant portion of the resource for coming generations. These caps indicate how much the withdrawal rate of depletable resources must be slowed to allow stocks to catch up with flows. For example, limits on resource use may be set on air and water quality, ecosystem health and biological diversity; living creatures, organs and seeds; and minerals, water and the atmosphere. (Similar indicators can be developed for replenishable resources, including indigenous wisdom, household work and the arts; health, literacy, economic output and income distribution; and scientific knowledge, intellectual property and information flows.)

The goal of commons trusts is thus to match today's overutilized resources with the needs of future generations, according to non-monetized metrics such as sustainability, quality of life and well-being. In turn, the needs of the present generation are met through a new relationship between businesses, commons trusts and governments, as suggested by economists Henry George *(Progress and Poverty)* and Peter Barnes *(Capitalism 3.0). Private industry provides the public with goods and services which are produced from the surplus resources rented from commons trusts. Government then recycles these rents as social dividends for the public and as funds for the preservation and regeneration of the commons through the trusts.*

This social and political infrastructure is underpinned by a new monetary system. The long-term security of the commons under each cap becomes the basis for a global exchange value, against which many varieties of currency (national, regional or local) may be pegged or adjusted according to scale. Since the metric for these caps is not monetized, the currency issued by commons trusts has a unique standard of value: the timeless, non-commercial preservation of the commons; the vitality or creative life-energy embodied in the relationships of people with these resources; and the production and governance capacities of the social institutions that use the trusts. The secured commons provide 100% backing for an interest-free money, through which the credits and debits of each currency user are instantly issued, adjusted and cleared. This mutual credit will not be needed for small transactions (locally or between global partners), where barter may be used independently without a monetary unit of account or standard of value. But for people, businesses and governments that can't use barter, the self-regulating system of credits and debits adjusted to the global exchange value will serve as a vital source of monetary stability. (The rise of barter and the development of global exchange value will be discussed in Part 4 of this series.)

To break the longstanding dichotomy between Aristotle's C-M-C' and M-C-M', we must make the economy a component part of the biosphere. This means recapturing value through the faith and knowledge that the commons are held in trust for all people and cultures. When human beings become the legal trustees of collective value secured by the real wealth of their commons, the *either/or* perception of the world is dissolved. The (asymmetrical) reciprocity of the commodity and the (delimited) inalienability of the gift are transformed. Barter fulfills the role of symmetrical reciprocity and global exchange value expresses universal inalienability, bringing collective human value much closer to Being. Money—an expression of the need, love and magnetic power generated between people and their resources—is now seen as more than a token of gratitude or the price of a commodity. It is the presence of our common trust.

James Bernard Quilligan, *a longtime activist in international development, is co-founder and managing director of Global Commons Trust. Part Three of this series, 'Common Knowing,' will appear in* Kosmos, *fall/winter 2012. www.globalcommonstrust.org*