

FDU Economic Model

One purpose of the FDU design is to provide a comprehensive Information Age economic model that sustainably addresses extreme global poverty, over-use of natural resources, and unequal compensation in a globalized world. FDU as a virtual game is designed to improve the human and planetary condition by supporting individuals and humanitarian partners capable of cooperatively resolving issues related to lack of basic resources in health care, education, jobs, fair wages, food, water, and shelter.

If we trace the causes of poverty and of environmental degradation on a planetary scale we will find they all have a common root-cause, the Industrial Age economic model. The FDU will test a Information Age economic model based on knowledge, time, and passion.

The current economic model creates wealth out of thin air and then requires that one of two forms of substance pay the bill, the first is to extract it from Earths natural resources thereby upsetting our natural planetary cycles; the second source of substance for paying the debt is the labor of living people.

While poverty has always been a issue, it was only with the advent of the Industrial Age that extreme gaps in poverty developed along with the gap between the richest and the poorest.

An analysis of long-term trends since the approximate start of the Industrial Age indicates the distance between the richest and poorest countries has grown, causing extreme poverty to those who are on the losing side of the equation.

- 3 to 1 in 1820
- 11 to 1 in 1913
- 35 to 1 in 1950
- 44 to 1 in 1973
- 72 to 1 in 1992

The result today is dire. A kindergarten class a second dies, that is 30,000 children a day under the age of five; Half the world — nearly three billion people — live on less than two dollars a day.

This is a direct result of the Industrial Age economic model where debt is created via the phenomenon of interest.

“The developing world now spends \$13 on debt repayment for every \$1 it receives in grants.” ~ Global Development Finance, World Bank

This continued cycle of poverty is based on the assumption of a competitive nature based economy. In return for new

loans to poor countries, lenders in the 1980s and 1990s insisted on 'structural adjustment' to increase their chances of being paid back. This meant cutting government spending on things like health care and education - the very services on which poor people (and women and children in particular) rely. Many of these countries have ended up spending more on servicing their debts than on the basic needs of their citizens.

This will no longer remain the case in the Information Age:

“The technology of the Information Age makes it possible to create assets that are outside the reach of many forms of coercion. This new asymmetry between protection and extortion rests upon a fundamental truth of mathematics. It is easier to multiply than to divide.”

“Information technology will create equivalent opportunities for competitive choice in domiciling economic activities, but with important differences. One is that unlike the medieval frontier societies, cyberspace is likely to be in due course the richest of economic realms. It will therefore tend to be a growing rather than a receding frontier.”

The Free Digital Universe and it's component parts hope this forum will help individuals and companies from around the globe to better respond to the dilemmas created by the Industrial Age. You may view the integrated Information Age Charity Plans at www.peaceportal.mobi , and get one of the founding Digital Soules before the birth of the Free Digital Universe.

With the help of the independent peer partners like Peace Portal, ManyOne, Worldwide Developers Foundation, and more than 100 other organizations; we hope to empower people everywhere with sustainable solutions that relieve pressure on families, communities, and governments. This starts with a viable means for earning into the global digital economy starting with nothing, not even a address or credi card. To acheive this our partners provide each account with a currency and Cyber Mall to earn the currency by sharing in ad revenue, sharing affiliate products from stores like Amazon, auctioning physical items, and publishing music, art, software, and other digital products for personal profit.

“If you don't like the way to the world is, you change it. You have an obligation to change it. You just do it one step at a time. ~ Marian Wright Edelman

“Today, peace means the ascent from simple coexistence to cooperation and common creativity among countries and nations.

~ Mikhail Gorbachev

Most succinctly, the purpose of the Free Digital Universe is to provide a viable starting point for experimenting with Information Age models of commerce which serve to free people by providing them with the tools to become locally self-sustainable.

PRO-ACTIVE MONEY

Expanding well on the ideas shared by FDU regarding the need for a Information Age model, is the article "Proactive money" written by New Civilizations Founder, Flemming Funch:

"I was just pondering how the concept of money can make sense at all in an information economy, and I've got some ideas.

Before the arrival of agricultural societies money wasn't needed. Hunters and gatherers would simply take what they needed or wanted, fight for it if necessary, and continuously move on to where they could find the resources they were seeking.

In "first wave" agricultural societies surpluses would be produced. The land would be worked to produce food stuff and what is produced is either stored up or it is traded. Trading would open the need for money as a means of exchange. Also, it suddenly became important what you HAVE, what you own. If you have land you can grow stuff and sell it. If you have produce you can sell it. Power and affluence is measured by how much you currently own.

The "second wave", the industrial revolution, centralized production and brought about the need for a lot of machinery and buildings that needed to be in place BEFORE something valuable was produced. That brought about the need for financing, for somehow having or borrowing money before you could create more. And then the monetary value of what you produced is in part based on the need to recuperate the investments made, and the costs of the resources that had to be acquired to put into the product.

As opposed to agricultural production, industrial production requires that you get stuff from elsewhere that you can build your products of and with. Money comes to symbolize what is OWED for the previously used resources that went into what you are paying for. Wealth is based on how much you have produced in the past that you are now being owed for.

The "third wave", the information society, changes the equation again, even though the change isn't fully realized yet. Information and knowledge do not have mass or weight. They can potentially be arrived at instantly and they can in principle be replicated any number of times without any use of resources. What becomes important is not what happened before, but what happens AFTER a piece of information is generated or distributed. The value of an idea is in what it allows you to do, not in the amount of trouble it took to arrive at it, nor in its value as a possession of yours.

But our economic system is still based on second wave principles. Our currencies are still defined by the amount of debt they represent. Our financial institutions are based on the financing of production that then is owed for and needs to be repaid with interest by the proceeds from trading with the production.

Information products fit poorly into this scheme and it creates friction and unnecessary hindrances to their use that they are treated by the old industrial model. For example, the concept of intellectual property is an attempt to treat information as material products.

If a factory produces a car, a certain amount of materials go into it and it is in itself a very tangible product. It will always

be worth something in that there is a limited number of cars and raw materials and there is a need for both. It is quite workable for the car factory to expect to get back what they've spent on making the car, and then some, in exchange for granting somebody the privilege to take possession of the car. That person would after all be able to trade further with the car, as it has value in itself.

A knowledge product, such as a software program, works quite differently. It can be reproduced with no incremental cost and without any resources required by its original manufacturer. Potential users will of course quickly discover that they themselves can manufacture a fresh instance of a software product.

A car manufacturer could probably care less if you went home and constructed a copy of his car in your garage, because he knows that he gets paid for the resources and work he puts into the production of his car. A knowledge worker can not have the same assurance and might have impossible difficulties ensuring that he will get his investments in time and resources back, because he has nothing tangible to show for it. Somebody might help him installing some kind of police state methods of monitoring how people use his product so he can be paid, but that is really only stalling the inevitable conclusion.

Information providers, such as copyright owners, software producers, or artists running around angrily trying to stop people from using their information without paying for their past work, is a sign of the economics no longer being in tune with the methods of production and distribution.

The fact of the matter is that information inherently can be reproduced infinitely and there is no inherent value in simply owning it, or in having worked hard at it. There is only value in using it.

If instances of information in themselves had value, all one needed to do to be rich would be to duplicate them a zillion times. It is nonsense of course. Making repeated copies of a software program on your harddisk doesn't produce any wealth.

We can not measure the worth of information by the resources that went into producing it earlier. An idea that it took a second to generate might revolutionize the world. A 50 million dollar movie might be an unwatchable flop.

Producers have no inherent right to be compensated for what they did just because they did it. A car maker doesn't expect to get anything more than what people are willing to pay for each instance of his product, and if that isn't more than what he spent making it he will go broke. An information producer in an industrial society economy can't expect to be treated any different. That is, he will be paid for each instance of his product what people are willing to pay, and if he doesn't succeed in paying his debts he will go broke.

The concept of having to be paid for what one did earlier is no longer valid in the natural 3rd wave economy. It will probably go out kicking and screaming before it is replaced with a new scheme.

"Pay me if you want my property" is 1st wave thinking. The most appropriate currency for that is one that converts into tangible property in a predictable manner, such as gold.

"How do I get back my investment?" is 2nd wave thinking. Dollars, defined inherently as debts to the banks, are likewise 2nd wave currency, destined for obsolescence.

"What can I do with my knowledge?" is 3rd wave thinking. It is no longer about being paid for what you have or what you spent. It is how can you spend the resources you have in the most productive way.

Existing information is free and infinitely reproducible so there is no need to ration it and charge money for it or own it. The most valuable services in an information society is to produce/invent something NEW or to show people the way to what is already there. We're talking not only of information, but of adding value TO information. Information itself will be without inherent value in an advanced information society. Getting new information that you need when you need it is what is valuable.

How do we account for new useful information and services being made available? Do we need to account for stuff at all?

There is really no big need to account for existing information, as it isn't limited. The same with creativity. It isn't limited and is impossible to quantify. What we CAN quantify and account for is anything that is in a limited supply.

As more and more resources get transformed into an unlimited supply they will no longer need to be accounted for. For example, if we need some kind of fuel to create electricity with, and there is a finite quantity of it, we need to account for it, as well as for the electricity produced. But, if for example we make solar panels ubiquitous, available for anybody, and since sunlight is for our purposes inexhaustible, we don't have to account for either.

For a 3rd wave economy we need a currency that doesn't reflect ownership or past work, but that stimulates future creative work.

A more natural 3rd wave type of money would be something that doesn't attain value before one spends it in a productive way. It would be present or future oriented, rather than oriented towards the past. It is an expression of what one finds use in or one's prediction of future benefits.

We could regard that kind of money as a voting system for what one finds of value, rather than as an enforced exchange of scarcities.

Information and benefits are potentially unlimited. It therefore doesn't make sense to match them up with a scarce, limited medium of assigning value. The valued currency should be able to expand to match the value of the benefits that are experienced, rather than the estimated values having to be shrunk to the supply of currency available.

How exactly to do that, I don't know. And how to combine that with a medium that can be used to acquire goods that actually ARE scarce and limited in supply, I don't know.

But, it is apparently to me that the current money systems are not very helpful in creating a better future where all of our needs are met, and it is not very practical as a measure for what is actually valuable in our lives.

We need new money that is proactive, that freely supports a desirable and viable future, rather than money that is

reactive, only representing past acts and acquired possessions.

Currently only banks can use money pseudo-proactively, creating it by lending it out. But that is done with some heavy strings attached, and the inherently impossible condition that more money needs to be paid back than what is given out. That equation doesn't add up in that only banks can create money and they all need to be paid back more than the money that they give out.

We probably need a system where anybody who creates or perceives value also creates money, and the money is not a loan to be paid back, but a gift to be passed on.

In such a system new projects would be financed, not by borrowing money, but by gaining the trust of others who will believe in the project and voluntarily give money to it, because they want to see it happen. Or by producing value that people will feel like rewarding, thereby funding further production of value in the same vein.

That is not possible with scarcity money, but only with money that people can freely give without experiencing a personal loss from doing so. Money that gains value from being used on something desirable, and that retains no value from being kept. - Flemming Funch"

our last word on the need for a new economic model is best summed up in the following two quotes:

"Peace can only last where human rights are respected, where the people are fed, and where individuals and nations are free."

~ 14th Dalai Lama

"The well-being and the hopes of the peoples of the world can never be served until peace - as well as freedom, honor and self-respect - is secure.

~ Ralph J. Bunche