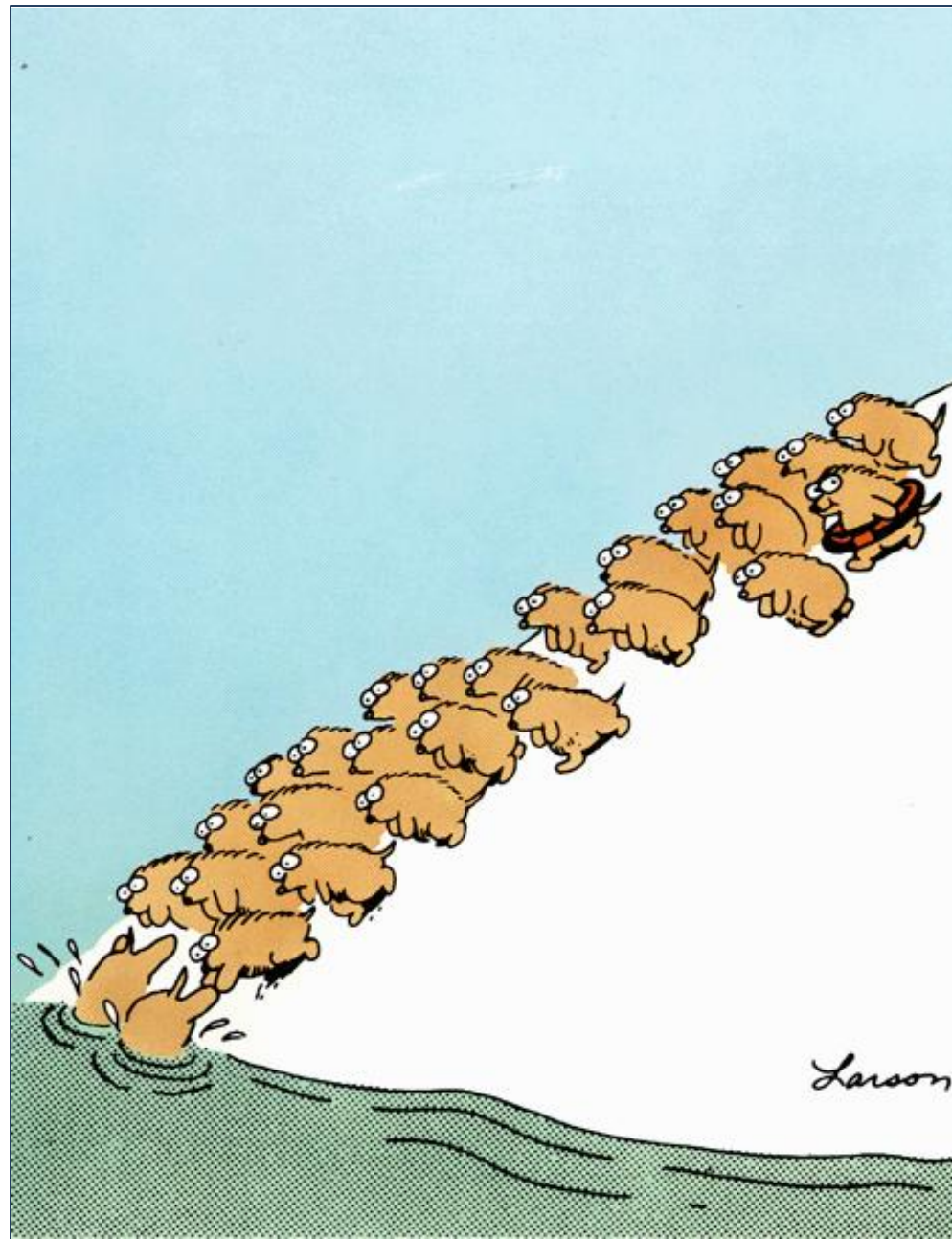




# The *Terra* Mechanism

*A Systemic Solution to Short-Term Thinking*

Bernard A. Lietaer  
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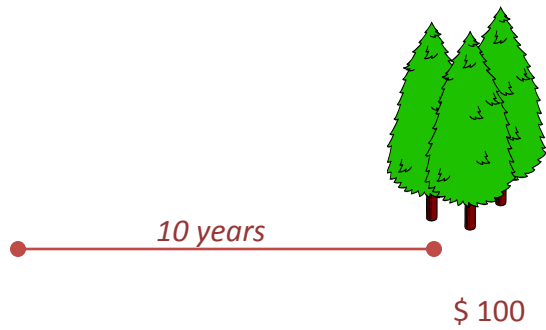


*A better way?*

# Sustainability: The Monetary Engine

## What do we invest in?

### Physical Reality (Tree Metaphor)



100 years



Currency with Positive Interest  
@ 5%/year

\$ 61.39

Value discounted to today:



### Financial Viewpoint

\$7.60

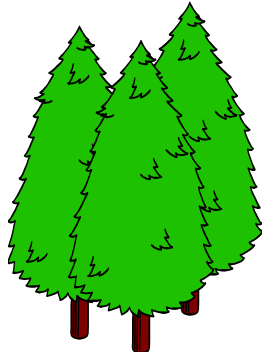


\$ 167.02

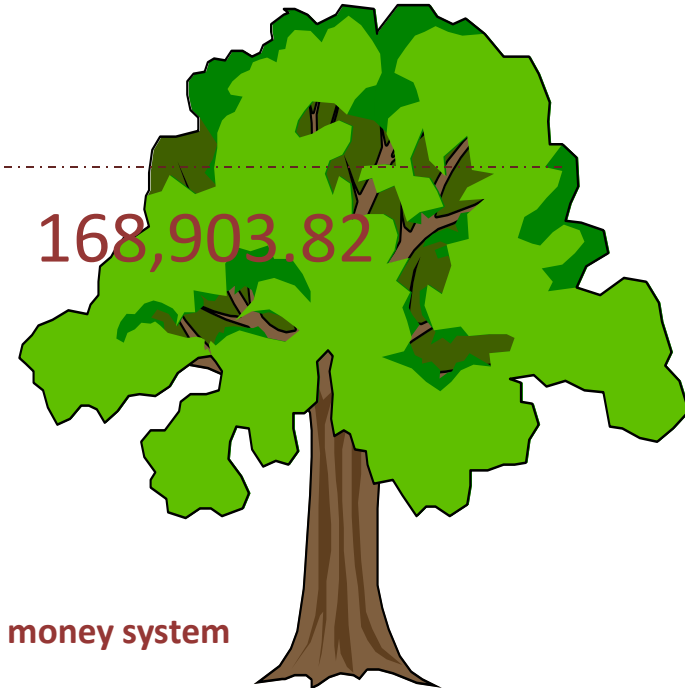
Currency with **Demurrage** @  
5%/year

**Demurrage = time-related**  
**charge (opposite of interest)**

Value discounted to today:



\$ 168,903.82



⇒ Short-term thinking is *not* intrinsic to human nature, but created by today's money system

⇒ NB: Historical Precedents: Dynastic Egypt, "Age of Cathedrals"

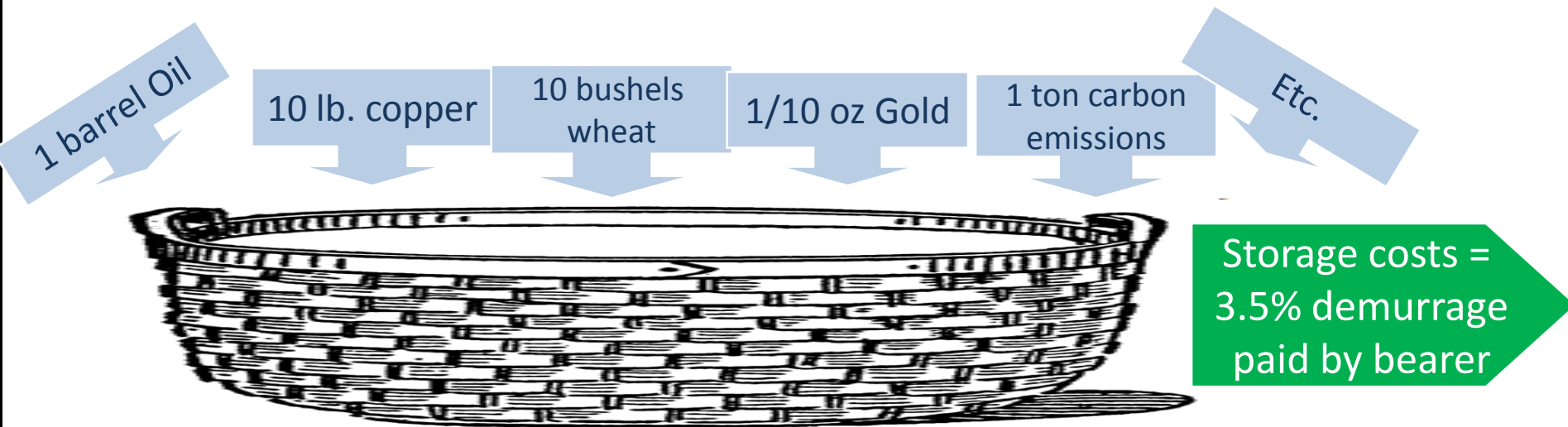


“Never, ever, think outside the box.”

# Structural Solution



**Terra = standardized basket of dozen key internationally traded commodities & services**



**4 x less volatility than US\$**

**Inflation resistant**

**Fully backed => Robust**



# Structural Solution (2)

## Issuing Mechanism (Example)

- ◆ **Terra Alliance** (“a virtual coalition of the willing”) issues electronic Terra as inventory receipts for goods sold to it by producers.
  - Example: oil company sells 1 million barrels to Terra Alliance, gets credited with Terras at market prices, and can use Terras to pay suppliers...

# Win/win Solution

## Benefits to the Financial Sector



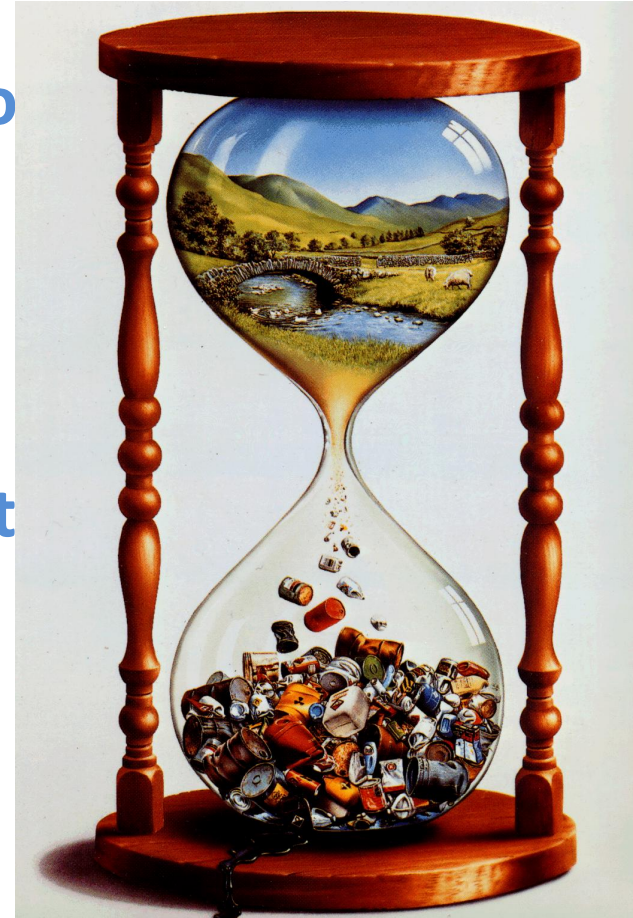
- Terra makes countertrade bankable
- Terra is only contractual and planning instrument, Terra is countercyclical  
=> stabilizes world economy
- More stable and predictable international currency that is nobody's national money
- Systemically less Short-termism

# Win/win Solution

## Benefits for everybody



- ◆ Use of Terra as reference currency makes it profitable to think long-term...  
=> Makes *Sustainability* a realistic global objective
- ◆ Realigns shareholder's interest with society's  
=> Reversing the hourglass?





# Follow up



- ◆ Terra Executive Summary paper in your folder
- ◆ [www.terratrc.org](http://www.terratrc.org) Terra White Paper with technical details
- ◆ [www.lietaer.com](http://www.lietaer.com) Supporting Documentation
- ◆ Email contact: blietaer@earthlink.net