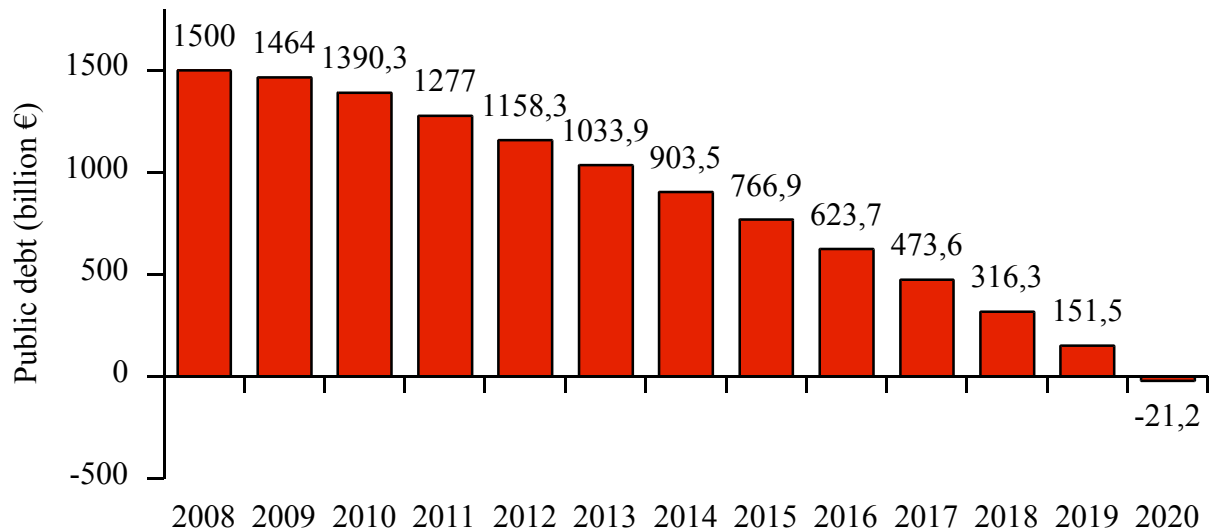


VitaMoney – Lasting Prosperity for All!

Concept for revitalizing the national Economy
9 June 2005



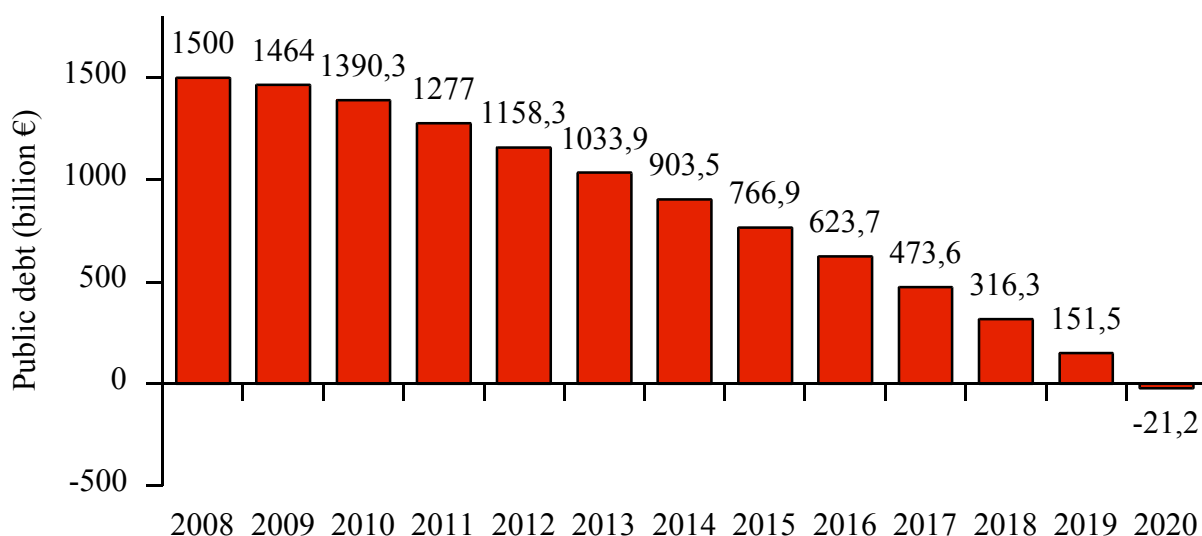
Free of debt in 2020 Example: Germany

Bernd Hückstädt
Joytopia Akademie
Pfarrweg 2
DE-74653 Künzelsau
Germany
Tel. +49 (0)7940 546 0810
joytopia@web.de
www.joytopia.net

Contents

Introduction	3
Causes of the structural worldwide economic crisis	4
Approach for finding a solution: harm no-one, benefit everyone!	5
VitaMoney	6
Guaranteed basic income	7
Guaranteed public revenue	7
Guaranteed elimination of the burdens of the past: The Compensation and Environment Fund (CEF)	8
Lasting stability and planning security	8
Asset exchange AE	9
Repayment of all public debt by 2020	9
Safeguarding property in private assets	11
New financial services	12
VitaMoney benefits everyone	13
The Five-Step Plan	14
The VitaMoney Share VMS	15
The five steps in chronological order	19
Practical implementation	20
Concluding remarks	20

Introduction



Free of debt in 2020 Example: Germany

The concept presented here lowers the German budget deficit to 2% of the gross national product as early as the first year (2007). Consequently this is for the first time significantly lower than the prescribed EU limit of 3%. In the second year (2008), the national budget is virtually balanced. From the third year (2009) on, the national budget has a favourable balance. The repayment of debt starts and leads to the **repayment of all government borrowing by about 2020.**

In contrast to previous approaches, which try to head off the impending public bankruptcy with austerity measures and changes in the system of taxation, this concept leads to **tax relief, lower labour costs, higher income and thus lasting prosperity for all.** The integrated **Compensation and Environment Fund (CEF)** ensures the financing of the urgently needed rehabilitation of the environment.

The concept for economic revitalization is based on the **Natural Economy for Worldwide Prosperity in Peace and Harmony with Nature** (abbreviated: **Natural Economy or Joytopia Model**) developed by the Joytopia Academy. It is explained here using Germany as an example and can be applied in principle to any other country in the world. It can be started in single countries, in Europe or worldwide, as desired. The five-step plan for a gradual introduction of the new system ensures its gentle and safe integration into the structure of the world economy. Applied globally, the programme can lead to worldwide prosperity in peace and harmony with nature.

Causes of the structural worldwide economic crisis

The causes of the structural worldwide economic crisis are within the system itself:

Creating money through borrowing

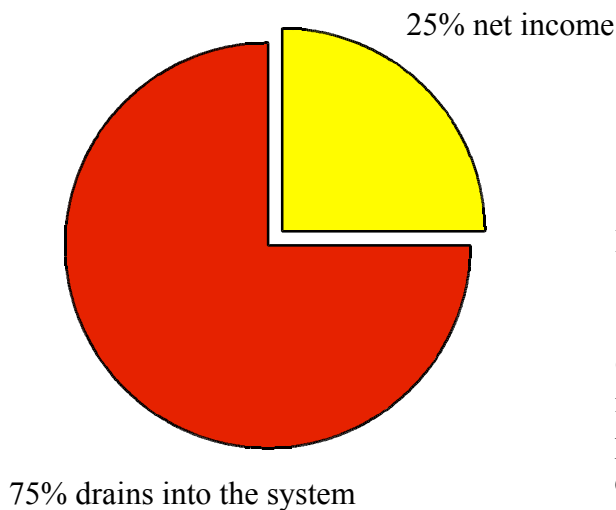
At present our money is being created by interest-bearing loans. With interest and compound interest more and more money is transferred from the real economy (exchange of goods and services) to the pure capital economy, which has the sole purpose of generating financial profit. Investments are only made if they promise higher profit than the capital market. Thriving companies which generate less profit than the money market are systematically destroyed. Assets and debts grow exponentially.

Taxation of money flow

Most taxes are related to money flow (income tax, turnover tax, excise duty etc.). As a result, economic exchange is slowed down to an even greater extent. The fatal dilemma of the national budget is that the money flow from which the main national income derives is being blocked by having tax levied on it.

75% of income drains into the system

Interest and taxation of the money flow leads to the current situation that a person has to work about four times the amount of the product they wish to purchase. Here is an example: a workman's man hour costs about €40. The workman's take-home pay is about €10. Therefore, a workman would have to work four hours to pay for one man hour from another workman. Do-it-yourself and illicit work are some of the relatively harmless consequences.



It is a programme for disaster:

Such a system can only work under conditions of economic imbalance and only for a certain time. In mathematical terms it is impossible among equal partners. The system leads to the situation that when emerging countries start to catch up, fiercely predatory competition arises, linked with the total exploitation of the last natural resources. This leads in the end to economic and ecological collapse.

Approach for finding a solution: harm no-one, benefit everyone!

The following approach for finding a solution is based on natural and ethical principles, for example

Man's dignity is unimpeachable.

The natural law of growth and decay.

Development: the new complements the old.

Win-win: harm no-one, benefit everyone!

Economy and ecology have to be in harmony.

Man's dignity is unimpeachable.

The right to live a life of human dignity is probably the most elementary human right. On the economic level, this absolutely requires a **guaranteed basic income for every person**, a **guaranteed national income for every country** and the **guaranteed elimination of the burdens of the past**, in the form of repayment of debts, rehabilitation of the environment, equalization between poorer and richer countries and thus the guarantee of peace. Only in this way can the right to live a human life be guaranteed worldwide. The Natural Economy automatically meets all three of these requirements.

The natural law of growth and decay - collapse or sustainability

The natural cycle of growth and decay is a natural law. It has always existed and is omnipresent. Nature generates sustainability through constant growth and decay. Since the Enlightenment at the latest, we have known that it is completely impossible to act against natural laws. A system which tries to grow beyond its natural limits will collapse sooner or later. That is also a kind of decay.

We have the choice to use natural laws for good or for bad:

We can programme an economic system for steady growth and let it collapse.

But we can also voluntarily integrate the cycle of growth and decay and thus create a sustainable economic system.

New VitaMoney complements the old credit money

When money is produced in the economy, we speak of **money creation**. Our current money is created by borrowing. In the following we will call this borrowed money **credit money** and **creation of credit money**. Interest and compound interest make debts and assets grow exponentially. This is the reason why there are gigantic debts and likewise gigantic assets worldwide.

Whenever official money runs short, complementary means of payment are used, so-called **complementary currencies**. Exchange deals, payment in kind, barter, bonus points, frequent flier miles and regional currencies are some examples of such complementary currencies. Apart from the fact that these complementary currencies have so far failed to even start to solve the existing problems, their use on a private level is fiscally problematic. After all, the government obtains its money primarily by taxing the money flow.

VitaMoney

In the following the concept of the complementary VitaMoney "FREE" (FRee Energy Exchange) is presented. As a complement to credit money, i.e. the euro (in Germany), VitaMoney will probably solve all currently known economic problems connected with money.

The **creation of VitaMoney** takes place monthly and is the same for every inhabitant of the VitaMoney currency area. **VitaMoney is short-lived or dynamic**: It loses half its value in the course of a year. **It is not possible for VitaMoney accounts to have debit balances.**

The dynamic character of the FREE - its transitoriness - is guaranteed by **quarterly adjustments of the value unit (VU) and the FREE as a means of payment**. One value unit is equivalent to the current value of a euro. It may be defined by a standard shopping basket at any time and uncoupled from the euro as required.

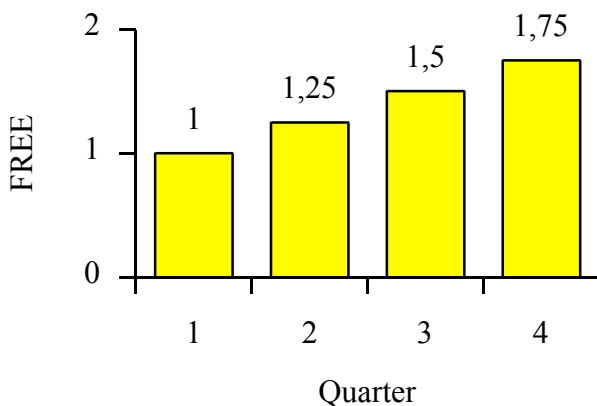
For the sake of simplicity we recommend the **dynamic factors 1; 1.25; 1.5 and 1.75**.

This means that at the beginning of the year, 1 VU = 1 FREE, during the 2nd quarter 1.25 FREES, during the 3rd quarter 1.5 FREES and during the 4th quarter 1.75 FREES. The other way around, 1 FREE buys 1 VU during the 1st quarter, during the 2nd quarter 0.8 VU, during the 3rd quarter 0.67 VU and during the 4th quarter 0.57 VU.

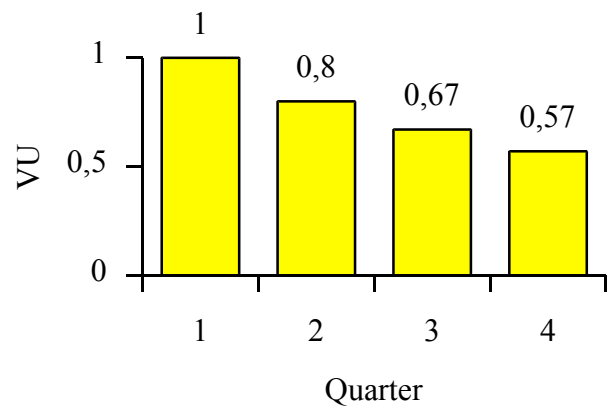
In the following year, 2 old FREES may be exchanged for a new FREE and the cycle starts again.

The dynamic nature of the FREE

For 1 value unit (VU) one has to pay in FREE:



The value of 1 FREE in value units (VU)



The dynamic nature of the FREE is the logical consequence of monthly VitaMoney creation in accordance with the natural law of growth and decay. It is the **natural guarantee of the stability of the value of VitaMoney**.

Guaranteed basic income

Every month, a guaranteed basic income of 1000 value units (VUs) is created for every citizen. There is an additional **13th creation of VitaMoney** with 50% on 21 June (holiday money) and 21 December (Christmas bonus).

Table of VitaMoney creation for basic income with a 100% share of VitaMoney

Date	VU	Dyn.	FREE
1 January	1.000	1,00	1.000
1 February	1.000	1,00	1.000
1 March	1.000	1,00	1.000
1 April	1.000	1,25	1.250
1 May	1.000	1,25	1.250
1 June	1.000	1,25	1.250
21 June	500	1,25	625
1 July	1.000	1,50	1.500
1 August	1.000	1,50	1.500
1 September	1.000	1,50	1.500
1 October	1.000	1,75	1.750
1 November	1.000	1,75	1.750
1 December	1.000	1,75	1.750
21 December	500	1,75	875
Total	13.000		18.000
31 Dec, 24:00	9.000	1	9.000

At the end of the year the balance of FREEs on a person's account is halved and the dynamic process starts again at number 1.

In our "**Natural Economy Research Project**" we call the value unit "**Dank**" (German word for "thanks").

Besides guaranteeing subsistence we want to express our gratitude and appreciation for every human being: **A thousand thanks for being with us!** (Translator's note: "Tausend Dank" is the German equivalent of "thanks a million".)

Guaranteed public revenue

Another 1000 value units are created per person per month for the **guaranteed national income** including social services. With an annual national budget of 13,000 VUs * 82 million citizens = 1,066 billion VUs in Germany we are slightly higher than the current national budget of just below 1,000 billion euros. **Taxes and social security contributions are therefore not necessary with VitaMoney.**

With a 100% share of VitaMoney, the national budget is completely independent of the gross national product.

Guaranteed elimination of the burdens of the past: The Compensation and Environment Fund (CEF)

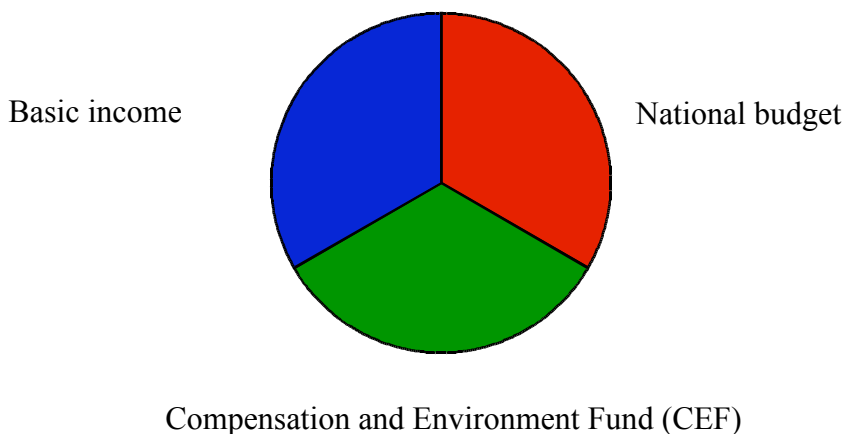
A third and last creation of VitaMoney amounting to 1000 currency units per person per month goes into the **Compensation and Environment Fund (CEF)**.

Its tasks include:

**Handling asset exchange (AE) (see below),
Repayment of public debts,
Environmental rehabilitation
Equalization between poorer and richer countries.**

For the first time in the history of the capitalist economy, a fund as large as the whole national budget is provided for the vital elimination of the burdens of the past.

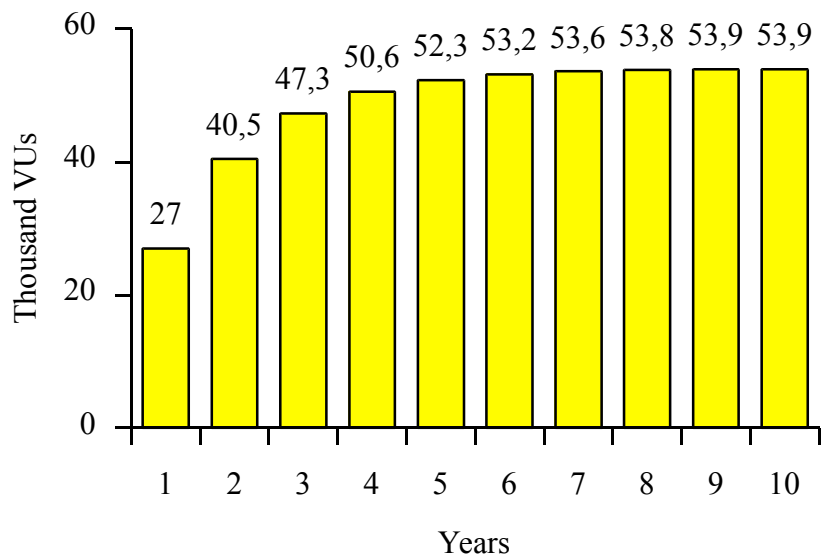
Threefold division into individual, public and natural welfare



Lasting stability and planning security

After a start-up phase of about 6 years, the sum of all assets is about 54,000 value units per person at the end of the year (with 100% VitaMoney). Apart from quarter-dependent fluctuations it is absolutely stable. With 82 million citizens this would be 4,428 billion value units. Currently, the sum of all assets in Germany is about 4,000 billion euros. Therefore, the total amount of VitaMoney assets is about 10% higher. One might now think that a higher money supply leads to inflationary trends. As we will see later, costs fall on a far greater scale, which leads us to expect significant price cuts.

Average assets per person with a 100% share of VitaMoney



The monthly VitaMoney creation of 3 x 1000 VUs comes to 3 x 9,000 VUs = 27,000 VUs after it has been halved at the end of the year (see creation table). One year later, another half is added, then a quarter, then an eighth etc. **After about 6 years, the amount stabilizes at an average of 54,000 VUs per person.**

The sum of all assets per person remains stable.

Since total assets per person remain stable, after the start-up phase of about 6 years, permanent price stability is to be reckoned with. The national budget and the budget of the Compensation and Environment Fund depend solely on the number of citizens. Neither speculation nor business fluctuations can change it.

Asset Exchange (AE)

Asset exchange (AE) serves to **repay all government borrowing** and to **safeguard property in private assets** in the case of a credit money crash.

It is a matter of **mutual commitment** to exchange 1% (step 1) up to 5% (step 5) of credit money assets for VitaMoney every year. A voluntary higher exchange of assets is possible.

Repayment of all public debt by 2020

At the moment, the German national budget deficit is approximately equal to the interest payment, which means that the so-called primary balance (the amount of budget deficit or surplus without interest payments) is relatively balanced. With the introduction of VitaMoney, income and expenses fall to an equal extent.

From VitaMoney step 2 (in 2008) onwards interest and repayment of debt are financed by asset exchange.

Table of debt repayment

Start with step 2 (in 2008), assumed debt level of 1,500 billion euros

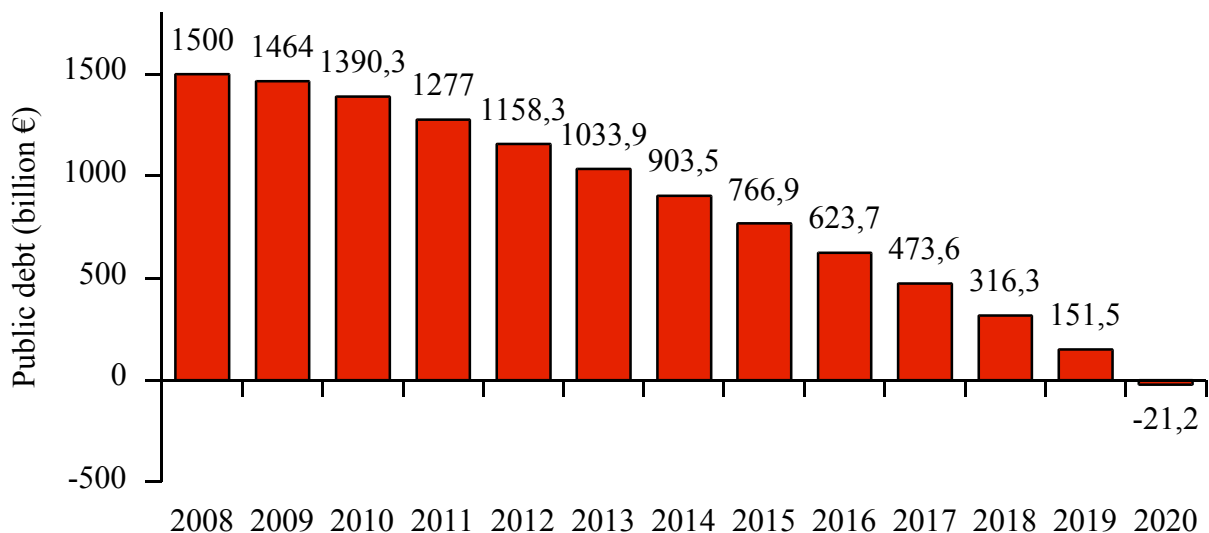
Total private assets €3,600 billion

Average interest rate 4.8%

Year	AE %	AE bn. €	debt level	interest 4.8 %	repayment	new level
2008	2,0 %	72	1500	72	0	1500
2009	3,0 %	108	1500	72	36	1464
2010	4,0 %	144	1464	70,3	73,7	1390,3
2011	5,0 %	180	1390,3	66,7	113,3	1277
2012	5,0 %	180	1277	61,3	118,7	1158,3
2013	5,0 %	180	1158,3	55,6	124,4	1033,9
2014	5,0 %	180	1033,9	49,6	130,4	903,5
2015	5,0 %	180	903,5	43,4	136,6	766,9
2016	5,0 %	180	766,9	36,8	143,2	623,7
2017	5,0 %	180	623,7	29,9	150,1	473,6
2018	5,0 %	180	473,6	22,7	157,3	316,3
2019	5,0 %	180	316,3	15,2	164,8	151,5
2020	5,0 %	180	151,5	7,3	172,7	-21,2

From about 2020 on, the debt level is negative, which means a positive balance!

The date may vary depending on the real level of debt.. For every year in which we continue as before, freedom from debt is delayed by about two years.



Free of debt in 2020 Example: Germany

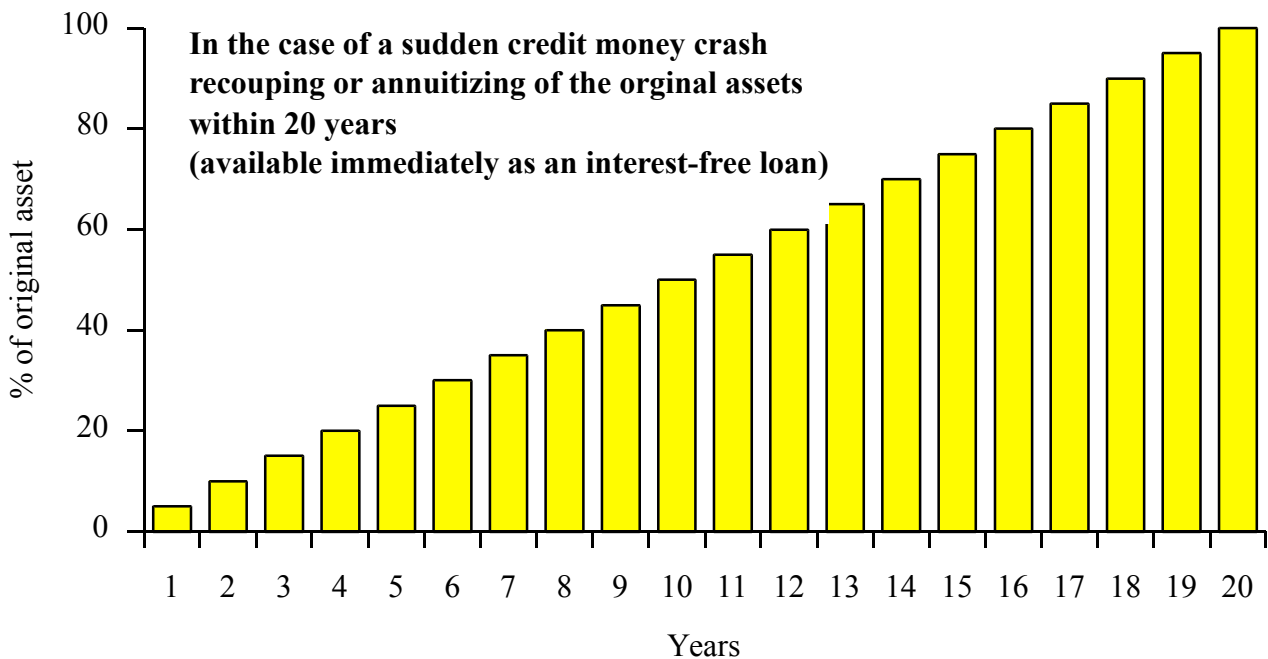
Safeguarding of property in private assets

Through mutual commitment, asset exchange is a **highly effective method of safeguarding assets: in the case of a credit money crash or runaway inflation**, asset exchange will continue on the basis of the assets existing before the crash. Thus, among other things, **all capital-based pension schemes are safeguarded**.

Example:

With step 5 (50% VitaMoney Share, 5% AE), €5,000 of €100,000 are exchanged for 5,000 CUs of VitaMoney every year. This may be spent or reinvested in VitaMoney (see below).

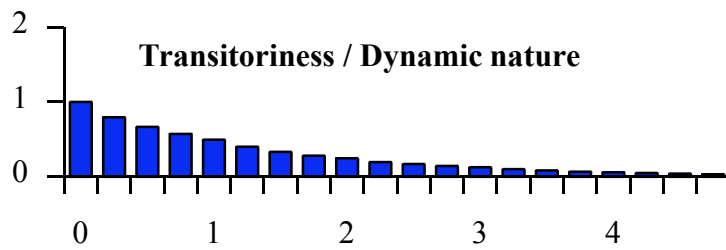
If the euro were to collapse suddenly, leading to a total loss of euro assets, the Equalization and Environment Fund would continue to pay out 5,000 CUs in VitaMoney for another 20 years. If necessary, the money can be made available instantly as an interest-free loan.



Only VitaMoney offers this safeguard. Capital flight is not worthwhile

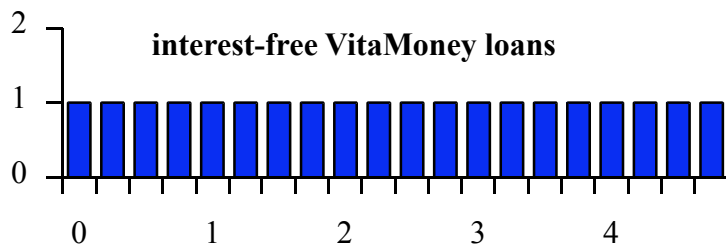
New financial services

In many areas, VitaMoney is more attractive than credit money, because all transactions are free of taxes and fees. The system's innate transitoriness (dynamic nature) offers a large number of new possibilities for banks and other providers of financial services.

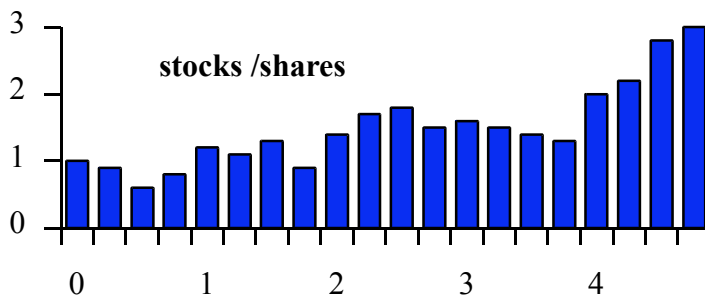


Interest-free loans and investments

The lender wants to preserve their assets and grants, for example, an interest-free loan of 100,000 value units to the borrower. The borrower uses it to finance their investment and pays back exactly the same amount in value units at the agreed date. The credit broker (for example, a bank) receives a commission from both partners. These are real advantages for all those involved (win-win principle).

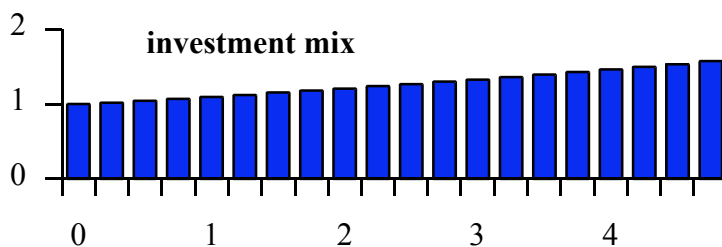


Company shareholdings, stocks and securities are also traded in VitaMoney. Profits can be made here.



Development of new financial products

The gradual introduction of VitaMoney allows enough time for providers of financial services to develop customized financial products for the VitaMoney market.



VitaMoney is of benefit to everyone

Private individuals

Guaranteed basic income brings financial security and personal freedom for all.
Families - even with single parents - are provided for.
Health care and retirement pensions are secure.
Interest-free VitaMoney loans facilitate acquisition of property.
Cancellation of interest payment and tax-free VitaMoney keep prices low.

Self-employed and entrepreneurs

Additional spending power creates more demand.
The transitoriness of VitaMoney results in additional boosts to demand at the end of the quarter. Tax-free VitaMoney lowers costs.
Enormous cost cutting for wages and salaries (25% lower costs with a 50% VitaMoney Share).
This safeguards jobs and strengthens competitiveness on the international market.
Interest-free VitaMoney loans facilitate investments, thus reducing costs again.

Investors

Safeguarding of investments in the case of a sudden credit money crash
New market for new financial products

Central government, regions and municipalities

The public budget is secured.
State pensions are supplemented by guaranteed basic income step by step.
Health care costs are reduced.
Repayment of all public debt by 2020.

Labour market

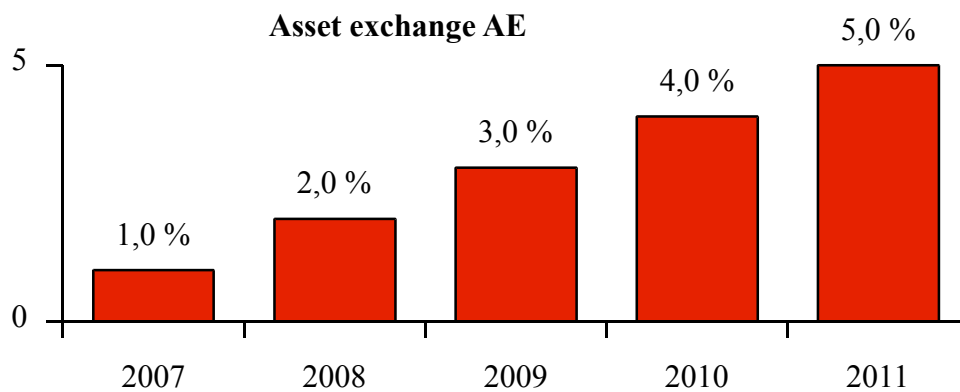
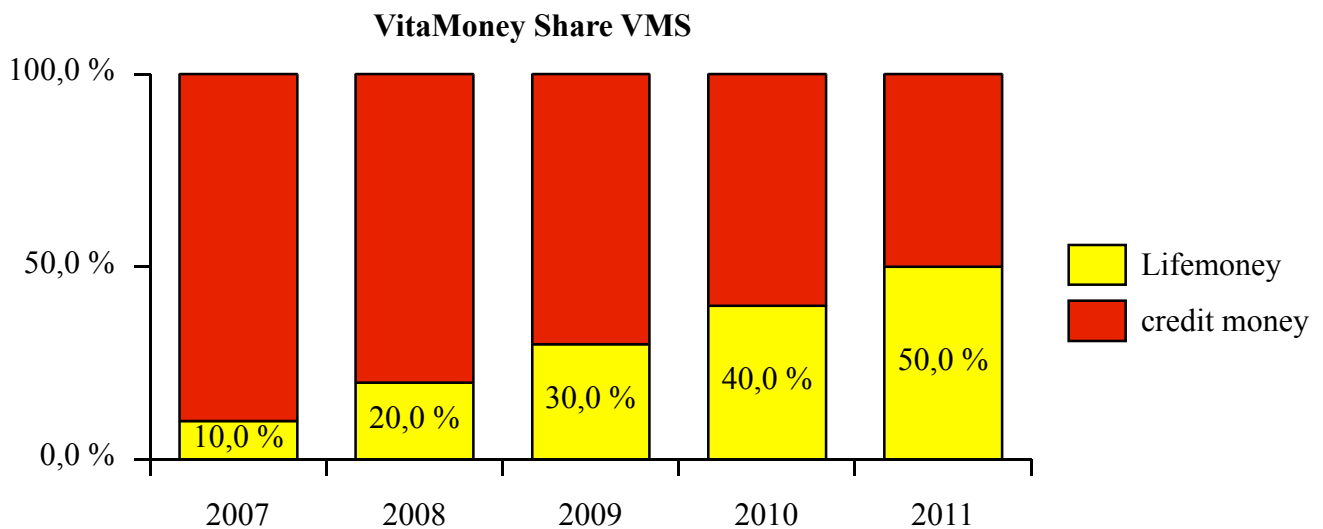
Rising incomes mean it is possible to work less on average. The labour market is eased and is liberalized to the benefit of all involved.

Protection of the environment and security

The Compensation and Environment Funds (CEF) provides an additional volume of orders, mainly for environmental protection. The interests of the economy and ecology are in harmony. The more countries take part, the better it is for everyone. Higher satisfaction among the population lowers crime rates and tendencies towards war and terror. Only in this way can lasting security be achieved.

The five-step plan for introducing 50 % VitaMoney and 5% asset exchange

A VitaMoney share (VMS) of 10% to 50% and an Asset Exchange (AE) of 1% to 5% is prescribed in five steps. This guarantees smooth integration into the structure of the world economy. Further steps are not planned for the time being since VitaMoney is **not supposed to replace but to supplement** credit money.



In the case of a worldwide economic crisis, it is possible to switch to a 100% share of VitaMoney at any time. Thus, the real economy is safeguarded. Credit money is also safeguarded through mutual commitment to asset exchange.

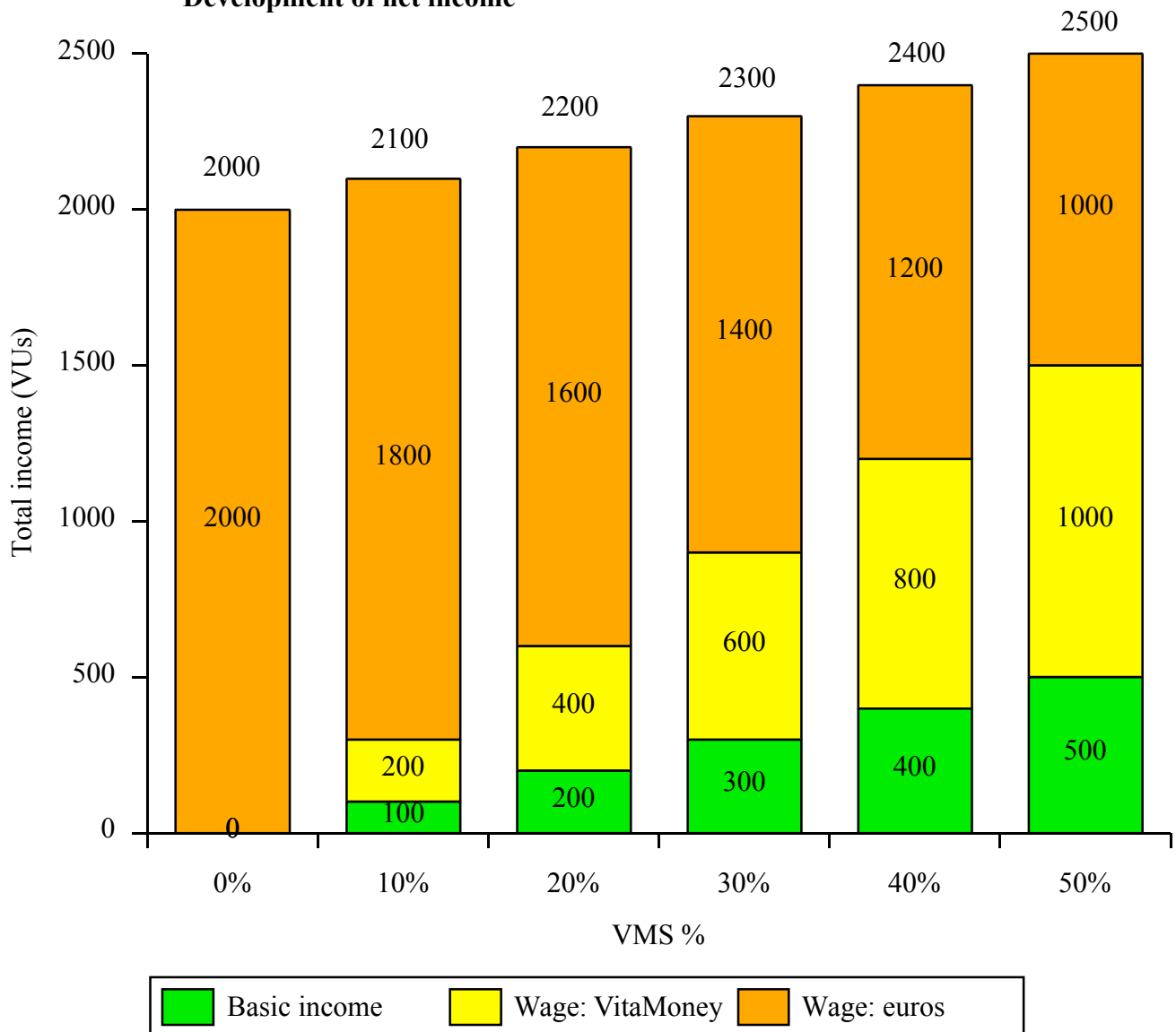
The VitaMoney Share (VMS)

The share of VitaMoney (VMS) is either a **binding prescription** or a **minimum guideline** depending on the situation.

Binding for wages and salaries

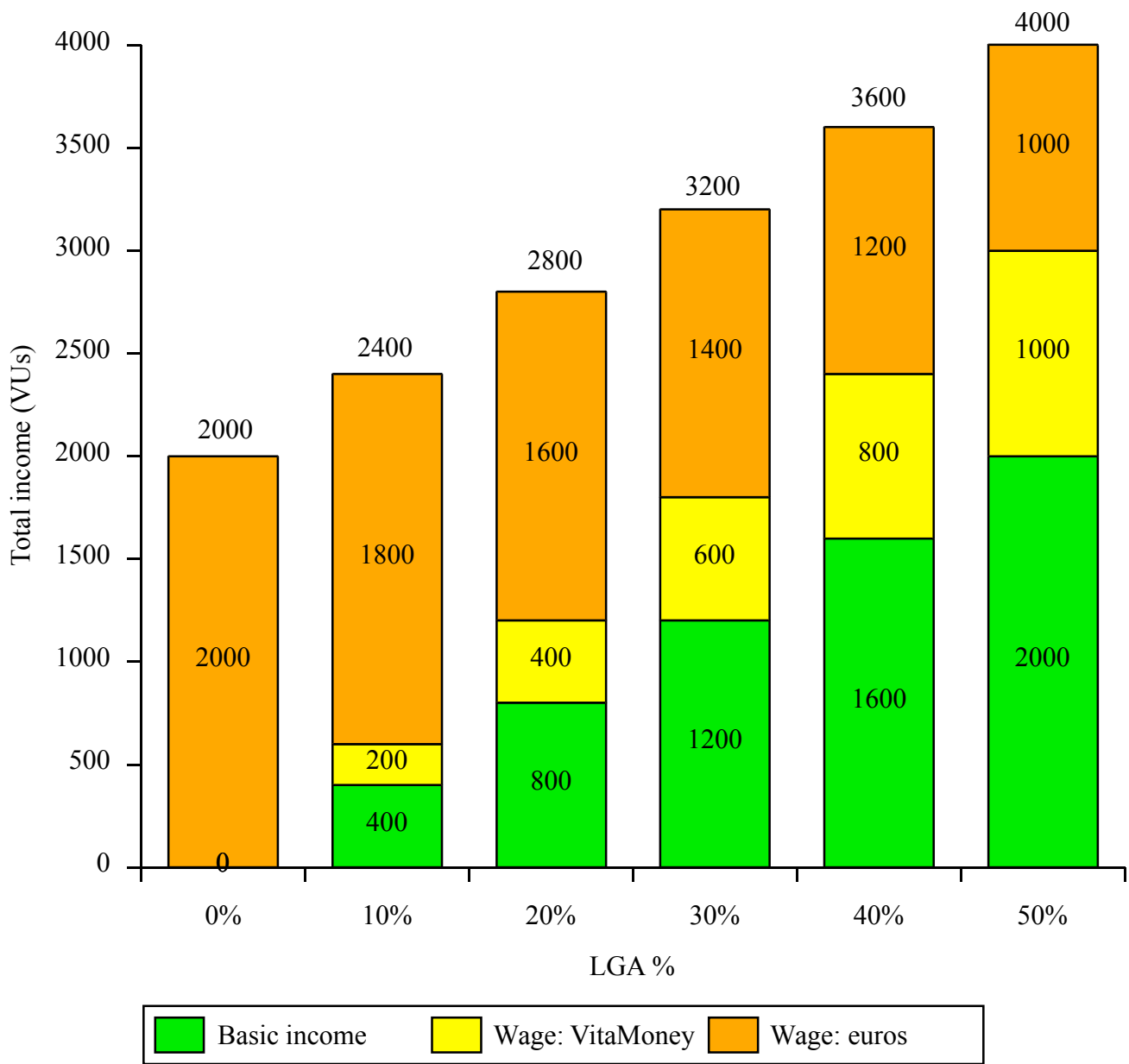
For wages and salaries, the net income on a person's tax card is split exactly according to the VMS.

**Example: single person with net income of € 2000 as per tax card
Development of net income**



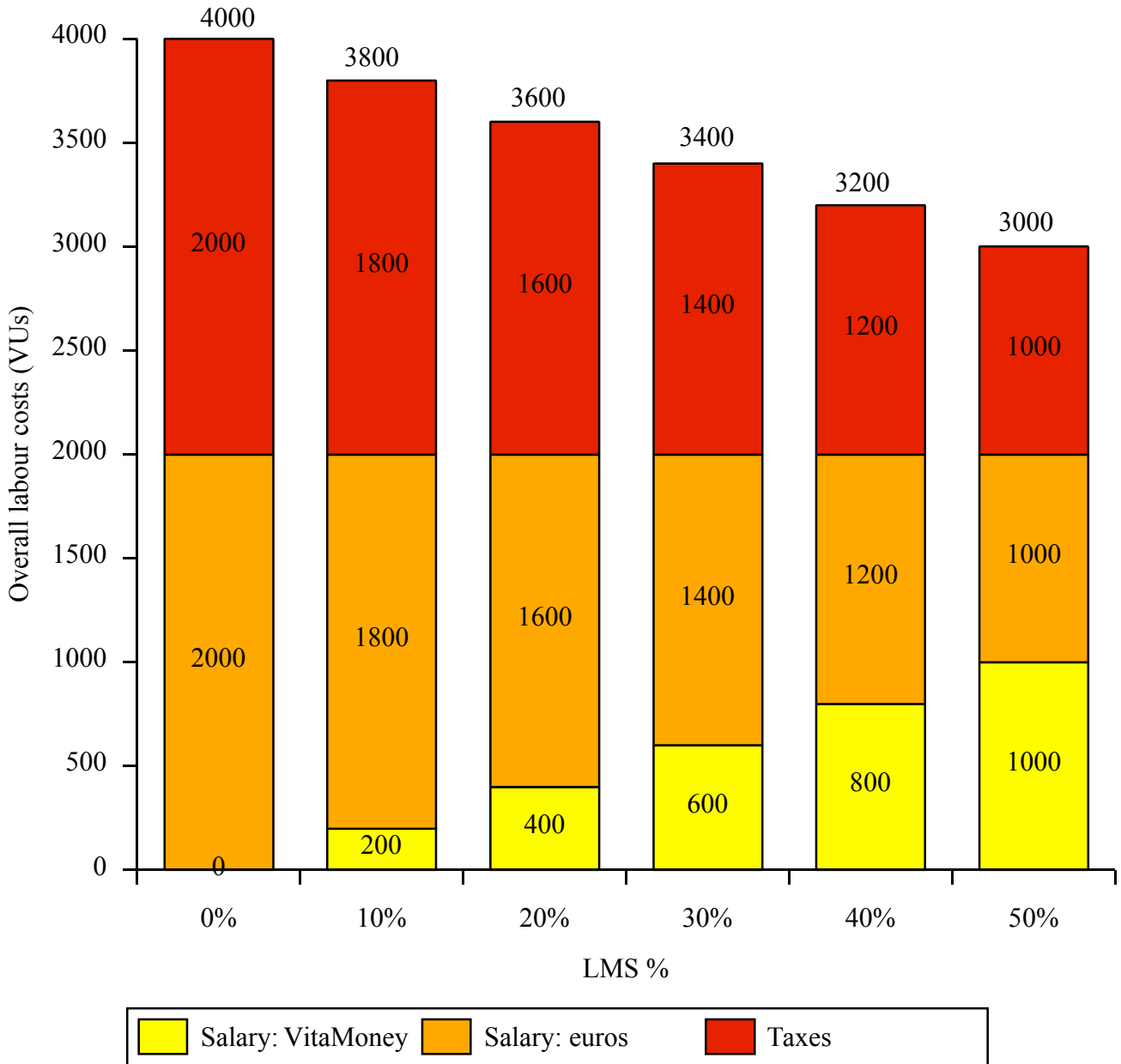
With a prescribed VMS of 50% the employee is paid € 1000 + 1000 VUs of VitaMoney. The guaranteed basic income of 500 VUs per person is added. The total income (€ + VitaMoney) of 2,500 VUs for a single person is thus 25% higher.

Example: family of four with net income of €2000 as per tax card
Development of net income



With a 50 % share of VitaMoney a family of four doubles its income : 2,000 CUs in earnings + 2,000 CUs in basic income.

**Example: net income of €2000 as per tax card
Development of labour costs**



An employer has to pay about €4,000 for a net income of €2,000 including taxes and insurances - twice the net income. With a 50% VitaMoney Share the total labour costs (euros + VitaMoney) are reduced by 25% to 3,000 CUs.

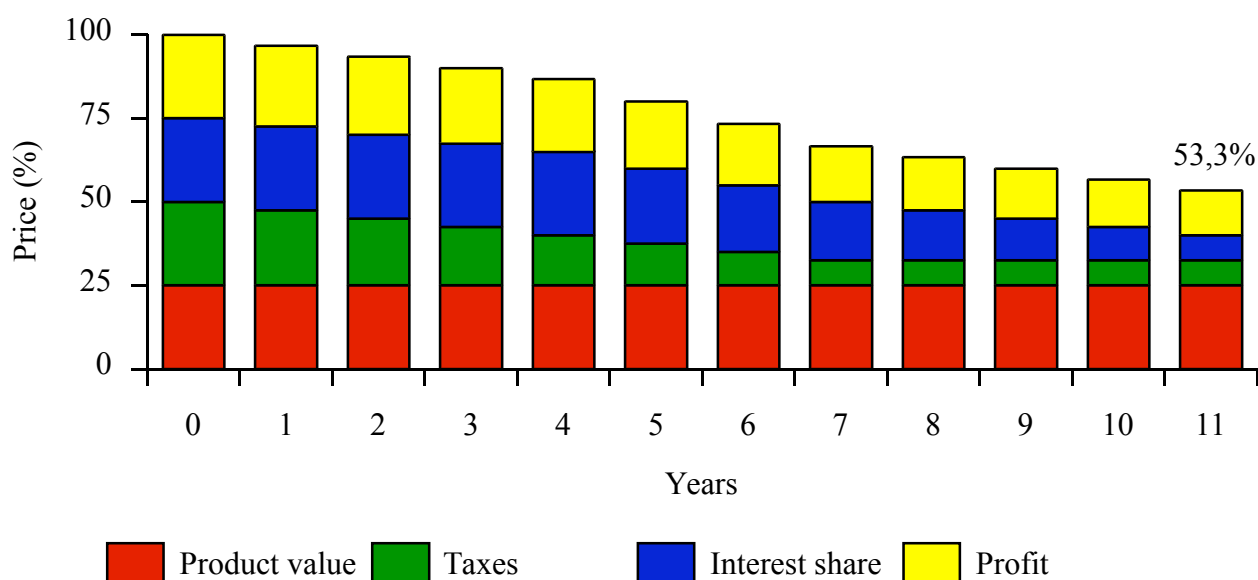
The VitaMoney share is a minimum guideline for the sale of products and services

Since the guaranteed basic income is paid out in VitaMoney, the **real VitaMoney Share** of incomes is always higher than the VitaMoney Share prescribed by the legislator. The family in the example above gets 75% of its income as VitaMoney and naturally wants to be able to buy something for it.

On account of the advantages of the tax-free VitaMoney, providers of services and consumer goods will voluntarily accept or even wish higher VitaMoney Shares. Economic cycles with a VitaMoney Share of up to 100% share will come into being.

Central government, regions and municipalities will insist on a correspondingly higher VM share when placing orders. Lower tax income will thus be balanced by lower expenditure for credit money.

Development of prices with calculated profit (25% of selling price)



The amount of tax goes down from the very first year. Depending on the duration of existing loans, the amount of interest does not decrease until much later (from the 5th year here). In this example, the price is reduced by almost half over eleven years.

Mechanisms for early detection and control

Depending on the degree of acceptance of VitaMoney among the population, the real VitaMoney Share of gross national product will be more or less ahead of the prescribed share of VitaMoney. To keep the primary balance in balance, the authorities have to keep up in real time, that means demand higher shares of VitaMoney from suppliers. The five-step plan can be slowed down or accelerated if need be.

During the transition stage, it is recommended **to know the real share of VitaMoney in advance**. Opinion research institutes are nowadays able to predict, for example, results of elections to within one percent or less. Therefore forecasting the real share of VitaMoney should not be a problem.

The 5 steps in chronological order

The gradual introduction of the complementary VitaMoney solves economic problems according to their urgency

1st step (2007): VMS 10%, AE 1%

The national deficit in Germany falls to 2% of gross national product and is therefore significantly below the 3% ceiling permitted by the EU. This saves Germany from EU sanctions.

With net incomes remaining steady, labour costs fall by 5% to 95%.

The basic income of 100 value units (VUs) per person (in addition to other income, also for children and pensioners) is especially beneficial to people with low incomes and families.

2nd step (2008): VMS 20%, AE 2%

The national budget is almost balanced.

With net incomes remaining steady, labour costs fall by another 5% to 90%.

The basic income of 200 VUs per person means an additional 800 VUs for a family of four.

3rd step (2009): VMS 30%, AE 3%

The national budget has a favourable balance for the first time in the history of the Federal Republic of Germany!

About €36 billion of debts can be repaid.

With net incomes remaining steady, labour costs fall by another 5% to 85%.

The basic income of 300 VUs per person means an additional 1200s VU for a family of four.

4th step (2010): VMS 40%, AE 4%

The budget surplus of €73 billion is used for debt repayment.

With net incomes remaining steady, labour costs fall by another 5% to 80%.

The basic income of 400 VUs per person means an additional 1600 VUs for a family of four.

5th step (2011): VMS 50%, AE 5%

The budget surplus of €113 billion is used for debt repayment.

With net incomes remaining steady, labour costs fall by another 5% to 75%.

The basic income of 500 VUs per person means an additional 2000 VUs for a family of four.

In the meantime, the level of debt has fallen to €1,277 billion. The falling burden of debt also reduces the interest payments. This means that more can be repaid every year.

By 2020 all public debts have been repaid.

Practical implementation

Means of payment

VitaMoney works equally well as cash, electronic book money, chip cards and every combination of these. Prices are given in euros or value units plus the accepted share of VitaMoney.

The quarterly dynamic factors 1; 1.25 ; 1.5 and 1.75 are easy to remember. Rough calculations may be worked out in one's head.

Cash is printed with the year number, e.g. FREE 2007 and can be exchanged for half the amount of new FREEs 2008 the following year. With electronic money transfers, everything is calculated by software. It is ideal to have a restockable money card which carries parallel stocks of both currencies.

VitaMoney accounts

VitaMoney accounts are kept in FREEs. They are set up by the banks in cooperation with residents' registration offices or registry offices. This guarantees that every citizen gets just one VitaMoney creation account.

On the first of each month, 3 x 1000 VUs are created for every citizen and distributed equally to the citizens, the public treasury and the Compensation and Environment Funds.

In the first month of the transition, employers may exchange the necessary VitaMoney through the Compensation and Environment Fund or lend it interest-free.

Concluding remarks

VitaMoney in all probability solves all known economic problems resulting from credit money. This means an **economic paradox: prices fall when there is a larger money supply**. Paradoxes, i.e. apparent contradictions, always point to a higher truth. What truth this might be will not be discussed here.

Yet, one thing is obvious: If we all have more money at our disposal and prices fall at the same time, money will not be the only standard of value any more. We will make our decisions less dependent on money. We will no longer be at war with each other, with the environment and with ourselves for the sake of money. Technologically we are already able to eradicate suffering and poverty worldwide. We will also solve the environmental problems. With VitaMoney, we now at last have the economic key for this in our hands.

VitaMoney - for life on this earth!

Künzelsau, June 2005

Bernd Hückstädt
Joytopia Academy