



MULTI DIMENSION IMPACT ACCOUNTING (MDIA)

About a Value Unit

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Some Thoughts about a Community Value Unit

In basic economics it is taught that money is a medium of exchange and a store of value, but in modern times, money is also the dominant metric of the money economy. Unfortunately currency money is not a good metric or store of value. Money used to be backed by gold, or other tangible value ... but no more.

Gold standard ... Coffee standard

For a very long time currency value was defined by reference to gold. The concept was that paper money could be exchanged for gold on demand at a fixed rate of exchange. The US dollar came off the gold standard in the 1970s.

5 cents US would buy a cup of coffee in 1960 ... or 10 cents for a good cup of fresh coffee. 50 years later a cup of coffee sells for \$1.50 ... or \$3.00 for some fancy brew. The coffee is the same ... what has happened to the dollar? It is a fraction of what it used to be.

The terrible failure of money currency to serve as a store of value is caused by many factors, not least of which is the use of money as a metric of performance, and the idea that success is the accumulation of as much money wealth as possible. Another is the role of money and monetization in the economy, and the use of money to manage the performance of the economy. All of this adds up to a series of vicious spirals any or all of which can get out of control and create crisis.

Community value ... quality of life ... is far more than just money ... and while money could be used as the metric for community value it introduces distortion that can and should be avoided. The Community Value Unit (CVU) is a construct that serves simply to record the creation of something of value. This something need not be tangible ... but it must be real. When there are activities that create value, the activity can be recorded using the CVU measure, and the account is equivalent to being paid in CVUs.

Example: The value of elder care

Older people sometimes cannot look after themselves ... others need to help them. People can be paid wages to do this, but the money has to exist in order for the wages to be paid. Family and friends can do this ... or volunteers ... and do it free. In every case, however, the care has important value ... community value ... that can and should be measured in Community Value Units (CVUs).

The utility of a CVU is enhanced by a component of the CVU system that allows an accumulation of CVUs to be monetized. A holder of CVUs can exchange them for money either through a (capital) market mechanism or by their redemption by grant funds. A market based valuation of CVUs is facilitated by multiple series of CVUs each linked to a specific community. A CVU will have a high value where the underlying community is performing well and the CVU is in demand or there is donor interest in the community.

Just as the value of a money currency is debased when there are too many in circulation. So also with CVUs. However, the value of a CVU for a specific community is enhanced when the community is performing well and there is surplus production in the community.

CAVEAT: In some jurisdictions, rules and regulations about money and banking may limit or even prohibit use of CVUs

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