



Deflation

We have said and written many times that the issue limit of 100 Dhana (www.dhana.org) for each recipient plus only 5% for humanitarian initiatives will cause an increase in value, i.e. of purchasing power of Dhana, because if production and trade increase without increasing of the money quantity, the value of money itself can't but increase. This means that by increasing of the value of money prices of goods and services reduce. But, we must not mistake this reduction in prices for the typical deflation and its effects.

We are used to believe that a generalized reduction in prices, i.e. a normal deflation is negative, because it causes a reduction of purchases, above all of durable goods (because consumers are induced to put off their purchases), therefore a reduction of sales and of the profit margins with fatal effect on wages (which reduce), starting a spiral that leads to depression and disaster.

Really, this happens with legal tender money, the means used to increase profits withdrawing value to work and to concentrate wealth in few hands and cause poverty of majority. This happens with money reserved by more than 95% for speculation and finance.

It won't be like that with Dhana. Dhana isn't certainly a new means to increase profits, but the only peaceful means to begin redistributing equally wealth among all inhabitants of the planet and to eliminate exploitation of work. The function of Dhana is to change the current aim to produce in order to obtain the highest profit of some people into the aim to produce to satisfy the real needs of everybody, considering the objective limits of regeneration of nature (which we have exceeded since 1986: if we go on like that, in a few decades we will need two planets).

Dhana is a currency with real value and it is issued on behalf of workers. Dhana isn't made for states and banks, but for real economy. With Dhana, the reduction of prices won't cause the reduction of wages (the so called wage deflation). By increasing production and trade and by Dhana prices and profits will drop and the purchasing power of work will increase. And this is what more than nine people out of ten need.

Certainly, we will have to choose what to produce: not weapons, drugs and all that it's necessary to destroy and die, but above all, what it's necessary so that we all live, and then more, without excesses, for those who deserve it. It's a choice: we either deceive ourselves that we can carry on like we did before or we change.

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