

Helping Sustainable Currencies to Scale: Strategic Insights from Current Practice

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Introduction

The volunteers at Community Forge work with local community groups to increase their efficiency and coherence, helping them to value, give and exchange with, each other. We provide advice, open-source software, training and web hosting to community currency groups with the aim of building community, fostering economic resilience and and prototyping local money systems. Our open source software is used by hundreds of currencies worldwide, including Timebanks USA and The Hub. We combine community building with monetary reform because we want to see a fair and sustainable economy emerging, based on human values and more localised production, trade and exchange of essential goods. We seek to connect communities to their own abundance, through providing them with mechanisms of exchange that they themselves can own and control. Our approach has not involved lobbying governments or persuading donors, but to volunteer our time to community initiatives that already exist and help them to scale.

We participate in broader discussions on monetary reform and currency innovations, but do so with a scepticism about their usefulness, given a current lack of evidence that such discussions have led to tangible action, rather than generic claims to “learning” and “network building”. We have a clear theory and approach to change, which we will describe in this paper. We encourage any initiatives or donors in the field of “sustainable currency” to be clear about their theory of change and not allow considerations of institutional or personal self-interest to frame one's interventions. That is because an initiative may not only contribute to a field of work, but can also be a cost to the participants in that field, in terms of time and attention. Therefore in the paper we set out some questions we encourage any initiative or potential donor to consider, as well providing our own hopes, limitations and needs at this time, as practitioners who are already helping extant sustainable currencies to scale.

The Awakening

There is clearly a lack of understanding about the origins of our mainstream currencies, both amongst the general public, within politics, and the economics profession. However, since the first

bank bailouts we have observed a growing popular awareness about the problems with the money system itself. Internationally, independent internet movies such as Money as Debt (I, II and III), The Money Fix, The Money Masters, Zeitgeist, and 97% Owned, have encouraged discussion. In the UK, awareness raising by the Positive Money campaign has helped.

Although awareness of the problems associated with the for-profit creation of money as debt at interest has grown, understanding of the solutions is still weak. Despite an understanding of the problem as just described, many currency innovators have chosen currency designs which initially ally themselves with the existing monetary system, such as the 'Transition Pound' initiatives in the UK. This could be because they are designed with an interest in how to market an idea to people who would choose to engage in the currency for reasons other than necessity. Although a similar model in Germany, called Chiemgauer, has had some success, it has been going a long time and its growth is slow, with everybody who maintains it being unpaid.

Those countries that suffer a larger contraction in money supply are not interested in or able to use systems that require bank-debt to buy local currencies that in turn require charitable funding and entail additional transaction costs. For example, a few months ago, an alternative currency was introduced in the Greek port city of Volos. Their central market does not require Euros. From jewellery to food, electrical parts to clothes, everything is on sale through a local alternative currency called TEM. If you have goods or services to offer, you gain credit, with one Euro notionally equivalent to one TEM. You can then use your TEM earnings to buy whatever else is being offered through the network. The whole system is organised online, with members holding TEM accounts. It is a form of mutual credit, where everyone can issue or earn credit, without the need for a loan from a bank. Everyone can exchange as much as they wish, without it being restricted by availability of Euros, and everyone ends up returning to zero, so no one makes money out of issuing the currency or charging interest. The mayor of Volos supports the project and thinks it can co-exist with the Euro.

Difficult immediate circumstances reduces the need for or ability to participate in lengthy discussions ("processes") or proportionally large investments in marketing ("outreach") compared to implementation activity. People innovating in such circumstances need active support not spectators, by those interested in the broader field of monetary reform and innovation or local sustainable development. The awakening of non-governmental organisations, donors, and entrepreneurs to the problems of our money system will be a mixed blessing for real transformation. The history of social movements, as well as our experience, suggests that support and funds will likely flow to initiatives that resonate with the interests, assumptions, and identities of those with the funds and time to influence the field of monetary activism and alternatives. Hopefully some institutions will support well-designed initiatives that address the causes of our current economic, social and environmental malaise, and which respond in solidarity with those who are already acting out of necessity, rather than theories or personal tastes. It is in this hope that we write this paper, and share these ideas at various events in the developing field of monetary reform and monetary alternatives.

The Disruptive Opportunity

Every technological innovation, from writing, to metal work, to printing, to electronic communications, has enabled new technologies of money. A 'technology of money' is not merely the material form it takes, but also the societal assumptions, beliefs, norms and regulations that shape it i.e. money is an agreement about valuation and how to exchange value. The internet, software and telecommunications, not only enable existing currencies to go digital, as has been the case for many years, but also for new agreements on forms of "money" to become possible at scale. For any innovative currency to begin to provide a largescale alternative to legal tender, it must have

a pervasive payment infrastructure: which is now becoming possible. The internet is leading to the creation of new digital currencies. For instance, Bitcoin is a cryptographic system in which 'work' is needed to create coins, and a network of mostly anonymous wallets 'agrees' where the coins are. It shot to fame when media reported in 2011 that it was being used for drugs, and since then technology enthusiasts have been growing its whole payments infrastructure. In early 2011 there was a single wallet application and several online marketplaces for Bitcoin to be bought and sold. Now there is Bitcoin cash, smartphone apps, gambling sites, its own magazine and even a consulting firm in London.

In addition, new payment technologies are beginning to emerge, which although presently used for bank-money, will provide approaches and methods that could be deployed for other currencies. Banks are investing millions in new payment technologies to make payments easier, more traceable, cheaper to handle, and preferential to cash. New payment innovations are myriad, contactless payment systems, micro-payments, for contributing to bloggers and musicians, Canadian Mint's 'MintChip' system, M-wallets, e-Gold, i-Money, and so on. In addition there are payment technologies barely explored in the west such as SMS or the Mobile phone currency in Kenya, the M-Pesa.

Given these developments, major internet companies have looked at the potential for issuing their own currencies. Google has considered developing "Google Bucks" but say they dropped the idea due various legal issues. Facebook has developed a currency for online products, such as games hosted on its environment. The Chinese social network QQ has developed a currency that began to be used for non virtual goods and services, until the Chinese government outlawed the use of new virtual currencies for non virtual goods and services.

These developments highlight that we are at a time of disruptive innovation in currency. Some of these innovations will help to address the problems arising from the current bank-money system, while some will not. It is important, therefore, to be clear on the specific problems any currency system seeks to address, and how.

The Problems We Seek to Solve

Our understanding is that the current mainstream monetary systems are unstable, unfair and unsustainable. Unstable, because the system of money issuance as debt with interest leads to speculation and business cycles. Unfair, because some private institutions are given the right to create money for everyone else and charge them interest on it, therefore deciding what is funded, and generating increasing inequality. Unsustainable, because it drives not only permanent economic growth, but exponential growth, which means commoditising ever more human life and the natural world, whether or not a particular society and their government wish to do so.

From many years of research on sustainable development, environmental economics, political economy, and more recently monetary theory and monetary history, we have come to an understanding that we need what we now call "sustainable currency." A sustainable currency is an agreement about value that is used to denote value, exchange value, and/or store value, which is sufficiently credible, stable and available to enable these functions, while not necessitating, through its production or use, damage to ecosystems or wealth extraction from its user communities.

At Community Forge we seek to solve the dual problem that i) there are not enough sustainable currencies widely available for daily exchange, and that ii) there has been minimal support from institutionalised powers in government, business or civil society, for creating sustainable currency systems.

We are deploying mutual credit systems because they do not require support in order to begin

(problem ii) and they have a number of advantages as a sustainable currency (problem i), including the way they address the following related needs:

- they help match underused assets with unmet needs, to the degree that people want, not to the degree that there is money around to complete a transaction. This helps to address the problem where people stand idle, as unemployed, and assets stand idle, while needs exist or grow within society.
- they involve all credits and debits ultimately cancelling each other out, you don't find increasing amounts of money chasing the same amount of stuff or services, so the currency doesn't inflate. This helps to address the problem where currency loses its value and thus makes the elderly on low incomes more vulnerable.
- there is no interest charged upon the issuing of credit, so wealth isn't extracted from those with lower incomes. This helps address the problem of growing economic inequality and reduced social mobility.
- they are often locally-focused, they encourage us to trade locally, so reducing our carbon footprint and build economic resilience
- they do not require backing, beyond the soft infrastructures to produce credibility, so there is no need for start-up capital, and thus no extraction of wealth by lenders or investors. In addition, as an accounting currency, there is also nothing to steal.

In these ways, mutual credit systems can meet our definition of a sustainable currency, with current weaknesses in its ability to store value or to transact over large distances or in larger communities with limited trust or mechanisms for sanction. However, examples of mutual credit in business barter networks, such as the WIR in Switzerland, which has around 70,000 business participants, and turns over an equivalent of 2 billion Swiss francs a year, show that much greater scale could be reached with appropriate support.

How We Seek to Solve Them

Our work is a work in social change. This means we need an understanding of our approach to social change. That requires clarity on i) the problem, ii) the method we employ to address it, iii) how this method compares to other potential methods, iv) and what empirical evidence and learning process to evaluate our problem definition and methods. In some circles on organisational change and social change these are components of any initiatives' "theory of change." There are various ways to arrive at a theory of change, and sometimes these are mere stories added to explain existing decisions based on organisational or personal self-interest. In our case, the deployment of mutual credit is the combination of a hacker approach that involves prototyping and user feed back, and what could be called sustainable currency design principles, which arise from our analysis of what is most needed for future scale of current sustainable currency innovations.

The vast majority of our users are not very interested in monetary theory or political campaigning. The mutual credit approach is one which most people, without any professional interest, can grasp immediately. In contrast to commercial fiat money and its obfuscating clouds of dubious theory, mutual credit can be grasped by a child. Mutual credit is ideal for close knit communities with interdependent livelihoods. Community Forge's approach is to provide solutions to the needs of such communities. The specific software upgrades we issue or training we provide is a direct response to day-to-day user consultation, not conceptual discussion.

Therefore the method of change that we employ has been:

1. Identify solutions according to sustainable currency principles and look for communities with potential to benefit from using such solutions
2. Develop the open source software tools

3. Offer assistance to key groups and groups that approach us about those tools
4. Provide network infrastructure for these groups to implement the tools at minimal or no cost
5. Learn from these groups of users to further develop our services
6. Communicate our approach through various specialist networks to encourage new user communities and greater support

After a few years of operation CommunityForge now hosts 130, largely Francophone, local exchange systems, with many more using our tools and hosting their systems themselves. The volume of trade of three exchanges around Geneva is greater (at minimum wage) than the renowned Berkshares, which reports USD\$22K circulation per year (see Box 1). We are directly supporting around 7000 users and indirectly, more than twice that. Numerous independent initiatives are now using our software for their own independent exchange and currency projects.

Box 2: Benefits to Geneva Community Exchange System (SEL du Lac)

The number of members has more than doubled since the website was launched.

The per member management overhead has gone down from almost five hours (of which one hour was conflict resolution) to one hour per year.

That hour is disbursed to a broad collegial group which discusses and implements opportunities for interaction between members

The website has lowered the monetary cost of running the scheme, allowing the purchase of Common Goods (approx. €1000 per year) that are shared and managed by all. The next Common Good purchase will most likely be a walk-in cooler/freezer that will enable a contractual agreement with local producers for perishable local produce: a move towards food sovereignty and stimulating the local economy.

Some of our activities and collaborations are described in Box 2. We emphasise the importance of volunteering and are wary how the logic of money, even donated money, can skew an organisation's original intentions. Therefore, is it important to focus on our intended beneficiaries, who are the users of our software, and relate their needs to an understanding of sustainable currency design, and insights from the history of social movements, as we seek to enable our beneficiaries to participate in a broader societal change.

Research has found four key factors behind movement creation. First, is the extent to which common interests exist amongst movement participants. Second is the degree of common identity and social ties linking the individuals or organizations that affect a movement's ability to act on its interests. Third is the process by which a movement accesses the resources needed for its activities. This includes resources for movement professionals, who work full time on movement-related issues, but also for broader movement supporters. The fourth factor in movement generation is the political space and opportunity for activism in a particular society. This includes the protections of civil rights, the existence of an independent media, and an open political system.

Our work in mutual credit and community support, is based on the clarifying and enabling of common interest between community members. In addition, it helps to create the deep ties between people that come from very social forms of co-production and trade, rather than merely online interaction, or irregular displays of disaffection through protest action, petition signing and the like. In addition, we aim to create autonomous forms of resourcing for movement participants, so that they can rely less exclusively on the forms of fiat currency that are not currently meeting all their

needs and interests. These relate to the first three drivers of social movements. We are not well versed in the fourth area, although we recognise a political backlash against mainstream monetary systems may create more interest in alternative solutions, such as community currencies. However, there is the possibility for the freedoms for innovation and advance in this field to be curtailed with draconian policies resulting from ignorance or lobbying pressure from incumbent institutions.

Box 2: Community Forge Partnerships

Many Local Exchange Trading (LETS) groups in France and Switzerland use our software and services. A cluster of LETS in Belgium has committed to our software for three years now, they are expert users and can run it largely without us now. We are networking their mutual credit circles together so they can trade between circles. <http://www.communityforge.net>

We are working with the Common Good Bank in the USA to make an SMS interface for our software. <http://commongoodbank.com/>

We are working with the Hub network to develop a combined mutual credit / reputation system to encourage freelancers to collaborate better together. <http://www.the-hub.net/>

With a sustainable energy project in Wales.

When Transition towns produce a community site for each town, we shall offer an optional marketplace component, working with communitytools.info

We are engaged with Timebanks in UK and Turkey as they experiment with ways to become more sustainable through business participation. zumbara.com

We are striving to provide an affordable rebuild for Community Exchange Systems (CES) whose software is ageing. www.ces.org.za

Through participation in initiatives like The Finance Innovation Lab, The Rebuild 21 Conference, TEDx Transmedia, Future Perfect, European Academy of Business and Society, Global Ethics Forum and World Economic Forum, we articulate our analysis and work to wider audiences.

As Editors of the Community Currency Magazine we have reached out to hundreds of activists and enthusiasts. ccmag.net

Our Hopes, Limitations and Needs

There is a general lack of coverage of monetary reform and currency alternatives in mainstream media, and relative lack of engagement with the issues in civil society. Two subjects equally contentious to vested powers, are land reform and monetary reform. On google "land reform" generates 9 million pages, while "monetary reform" OR "money reform" generates 0.9 million pages. Less than 1% of pages that mention the financial crisis also mention "monetary reform" OR "money reform." Within the field of monetary reform, the vast majority of attention is given to those advocating greater use of, or backing by, precious metals. Not only Republican politician Ron Paul and RT talk show host Max Keiser, but a host of investment companies specialising in metals are calling for a 'return' to metal standards; they do not show how this would improve the situation of the common man, but usually stress the benefits to the wealthy. The latest example of how this is becoming acceptable discourse is the 2012 Economist published book on the role of gold as money. Currently, we contest that work on community currencies is underfunded. Perhaps this is due to our

lack of skill and networks in the field of fundraising. However, we have found that few people, and fewer people with money, are emotionally open to the subject matter of community currency development. Monetary reform is a somewhat respectable subject, but implementing currencies attracts almost no institutional money. Notable exceptions include STRO, which has survived over the years with Dutch government support and is increasingly seeking corporate funding, and NEF, which has managed to raise significant funds for their transition money projects.

Most of the pioneering community currency organisations - Regiogeld, CES, and Community Forge - source next to nothing in institutional funding, and the numerous local community initiatives nothing at all. Timebanks receive government support but they have to be very careful not to treat hours as money.

It is very difficult to work in such a diverse and under-resourced field. However we are finding that coherence can be offered in the form of free open-source software. So our initial offering is just that - free software for community accounting. We are actively seeking to work with Transition Towns who have an impressive global network of relocalisation activists who are open to change; we have links with National timebanking organisations who receive government money for community building; we also assist communities who have already made the leap into monetary activism, to increase their chances of impact. We are not dogmatic about currency design, but we have some experience at the same time, and we are happy to witness a wide diversity of approaches. So we are one step removed from the coal face where transactions actually happen, and our impact is felt across a large proto-network. We are networking all the community exchanges we host, because our users absolutely need the benefits described by Metcalfe's law, which states that networks become exponentially more useful as they grow. The Community Currency Magazine, which we edit and publish, is part of that network building. We are now actively seeking opportunities to apply the same open-source free software methodology in the commercial business barter space because LETS activity has a negligible economic impact. We believe that a new culture of sustainable businesses is emerging and that we can help them to flourish by providing non-money accounting systems.

For those interested in providing tangible support, and therefore learning by doing, there is much to be done. Our users want better payment technologies, more useful web sites, trust metrics, training, and support to help them grow their membership. Therefore, currently we don't need more theory, we don't want to lobby, we don't need more multi-stakeholder conversations and conferences. Instead, we need skilled volunteers, sources of non-tied non-branded donations of resources, either in-kind or, sometimes, in fiat currency.

Possible Lessons for Other Sustainable Currency Initiatives

We recommend that anyone starting a new initiative, or deciding what to support, needs to reflect first on their theory of change, in particular:

- i) what is the 'problem set' that your proposals are solving,
- ii) what are the grounds for the method you propose to employ to address it
- iii) how does this method compare to other potential methods, and
- iv) what empirical evidence and what learning process is there to evaluate your problem definition and methods.

In addition, we encourage enthusiasts for monetary reform and currency innovation to draw insight from social movements theories to see how your work could contribute to a movement of change. These processes of strategic reflection need to be done with as an exploration, rather than an attempt to create a better narrative for what you already want to do.

To those reformers who think that money is a matter of State, and that it must be changed by

affecting policy, law and government, then we think the following questions need to be asked before putting all your efforts in that basket: i) when was the last time that monetary policy was affected by popular feeling, ii) are the banks & central banks more or less powerful than then, and iii) what is different now that will make advocacy and lobbying more effective?

We ask these questions because we see that while the highly educated discuss ideas for top-down reform, grass roots approaches with volunteers are already making headway with almost zero investment. These grassroots approaches are not trying to change the old system, but building a new system. Yet as they progress they will need political support, to defend progress from reactionaries.

To those who want to engage in new currency innovations, then not only do we encourage clarity on the specific problems your currency proposals are trying to solve, but also why working on such proposals is more important than engaging with those who are already implementing sustainable currency systems. For those who prefer to work in solidarity with a social movement for sustainable currency, then here are some insights we have on needed areas of action:

1) Education and Public Relations.

Education efforts are needed for the “multipliers,” who include educators at schools and universities, and business and finance journalists (in print and TV). In addition, additional educational efforts directed at enabling specialists working on aspects of sustainable development to begin new programmes of work, would be helpful. That includes NGOs, churches, charitable foundations and networks of activists, CSR managers and social entrepreneurs, and international development agencies and intergovernmental organisations. Ideally, more education of general publics, via a mainstream feature length documentary, of a standard that could be nominated for international awards, could be catalytic. We are very pleased to see Positive Money vigorously touring the UK educating people about money, and think that they could usefully expand their message about potential solutions and ways to engage, and also be replicated by similar campaigns worldwide.

2) Encourage Local Variety and Decentralisation of Authority.

Many experiments need to be undertaken and much needs to be learned. If we act too much together, then a single law, or software virus, or a bad PR event could be catastrophic. Given this need for experimentation and diversity, we should question if an initiative deploys the same 'proxy pound' model on numerous occasions, despite minimal usage and the only evidence of impact in public relations, not in the economy.

3) Coordination and Professional Development.

Currently, resources are few, and we should share all we can, and to do that, we have to know what each other is doing. The reason for the Community Currency magazine is to encourage the myriad new projects starting up to be relevant and informed about what else is going on. We have found that often the most energetic local activists are the least informed about other localities. This situation points to the need for mutual learning. In time, the lesson learning could lead to a body of knowledge on what constitutes good sustainable currency design, implementation and governance. Standard trainings could be developed, while enabling a variety of models to be tried.

4) Engagement With Mainstream.

As mentioned above, the economic impact of LETS is minimal. There is a need and opportunity to scale these, to make mutual credit systems ubiquitous. There are two main ways we see to

mainstream. First, local, state and regional governments could ally with or create mutual credit systems and back them through accepting taxes in such currencies. This would also provide such local authorities with new means of hiring local labour for public aims. Second, a free open-source software solution to business bartering and associated APIs for existing platforms to connect, would help to this to scale. Then such systems could even be connected to person-to-person mutual credit systems, and thus take community currencies to greater scale.

Box 3: Thoughts on Energy-Backed Currency Propositions

Using energy futures as money is an interesting idea proposed by the organisers of the conference at which we present this paper. To benefit wider society rather than only its developers or adopters, it is important that such a currency would be sustainable, meaning it would be sufficiently credible, stable and available to enable the functions of a currency, while not itself damaging ecosystems or extracting resources from its user communities. It is also important that any initiatives to develop such currencies are clear on their methods of change and why such an initiative is more worthy of support and time than other sustainable currency initiatives which are already extant and in need of support.

On the question of sustainable energy generation, the key challenge is investment capital for local renewable energy generation. The providers of such capital only have a secondary interest in how the energy is sold, as their first interest is to get their money back, with an agreed return. With this in mind, the more practical way to begin an energy currency will be to help the green power companies to sell transferable energy future certificates, or even just to accept Kilowatt cards <http://www.kilowattcards.com>. Then an effort to encourage people to install local renewable power generation, and keep the monetary agenda for later.

If the proposal is to use energy as a medium of exchange, then we should be asking about the payment infrastructure. Presently there is one global payment infrastructure which is owned by the banks, and which may not be open to an energy currency, or may be available at an undesirable price. Payment technology is a vibrant field, both for legal tender and novel currencies. It could be a while before a suitable technology emerges, and even then, it cannot achieve ubiquity without either massive popular uptake, such as we have seen with bitcoin, or massive investment. For this reason, and because the value of energy is likely to increase over time, we would currently favour the use of energy promises as a store of value.

It is our understanding, especially having read "The Lost Science of Money", that money does not need to be backed; it is a false analysis of the financial crisis to argue that a backed currency would prevent the economic, social and environmental problems arising from our monetary system. From our perspective as grass-roots implementers, backed currencies are much more difficult to bootstrap, and much more constrained by law. First of all, you need to acquire a suitable commodity in sufficient quantity. Then you need to store it with some trusted party, and finally you need extra security because commodity money is more steal-able and has intrinsic value outside the community. Therefore, often the better kind of backing is the backing of agreement and commitment from a community of users. Aristotle observed that nominal money should be used locally, while commodity money (gold) was more suited to trade abroad. We need to solve both problems, but until there are serious resources available, nominal money solutions can be implemented more readily.

Conclusion

In Community Forge we are adamant that people deserve money that they can control. Communities deserve currencies with a better kind of backing: their own skills and trust in each other. The current dominant for-profit monopoly is unacceptable. Money is critical public infrastructure and either it should be open to competition, or it should be strictly run not for profit. We practice what we preach, giving everything for free and our users respond by freely donating. As community currency practitioners, we notice resources and attention going in impractical directions: think tanks, conferences, dialogues, outreach, and academic studies; which appear to have no bearing on the matters that are being addressed by those implemented solutions with no resources right now. Therefore we hope to see more clarity about what problems people seek to solve with their currency efforts, combined with support for the communities who most need it and are most ready to implement solutions.

References

Will be provided in a final version, after the conference.