SYSTEMIC PROBLEMS

- Poverty
- Climate Change
- Ageing Population
 - Credit Crunch!
- Money is created as Debt
- Creation of money is a banking monopoly
- Compound interest is charged
- Exponential effect individually/globally

SOLUTIONS?

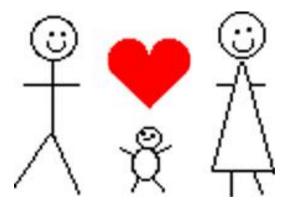
- Mitigating the worse effects of the system
- Campaigning for change
- Building a new paradigm
 - from Debt to Asset-based investments
- Complementary Currencies *

*COMPLEMETARY SYSTEMS

- Parallel to mainstream currency
- Fiat **or** created by member-trading
- In any area of society or politics
- Top-down or member-member
- Geographically or Peer-based
- Hours, currency, or favours

Altruism - the Gift Economy

- based on natural friendly behaviour
- non-zero-sum, ie your gain is my gain
- for further details http://www.altruists.org/



Transaction PLUS PLUS = ++ and sometimes +++

"Fiat" Currency

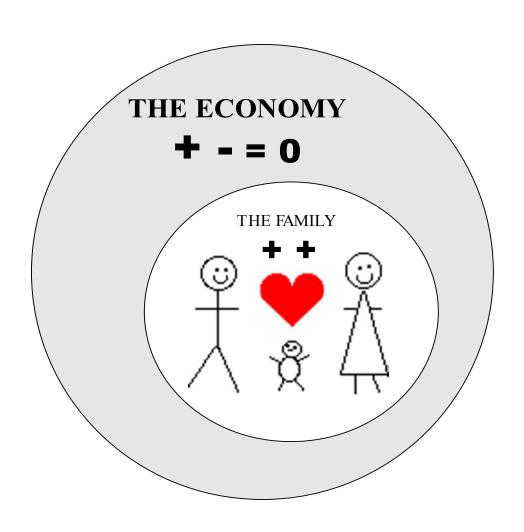
Issuing currency into the economy was historically the responsibility of the king or government, who had the power of "seignorage" but in the UK only a small amount of cash and notes are still produced in this way (from the Royal Mint). Most currency is created by the banking system as mortgages against property. There is no zero-sum - it is created as required so the money supply gradually *expands*.

Examples of Complementary Fiat Currencies

- Guernsey post-war legal tender
- Ithaca Hours USA
- Salt Spring **Dollars**
- Argentine <u>Creditos</u>



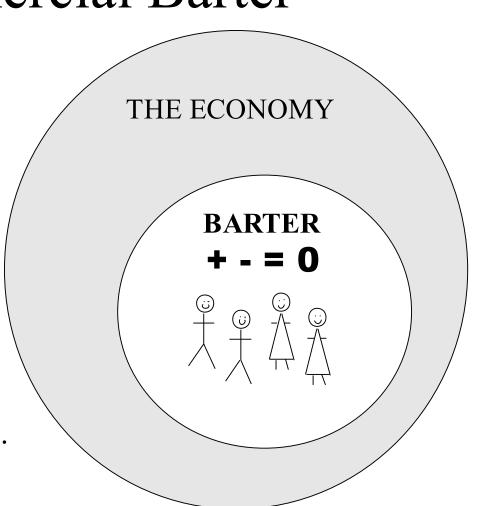
Inner and Outer Economies



Commercial Barter

- Business to business
- Market -"Offers and Wants"
- Broker-driven
- Sterling Commissions

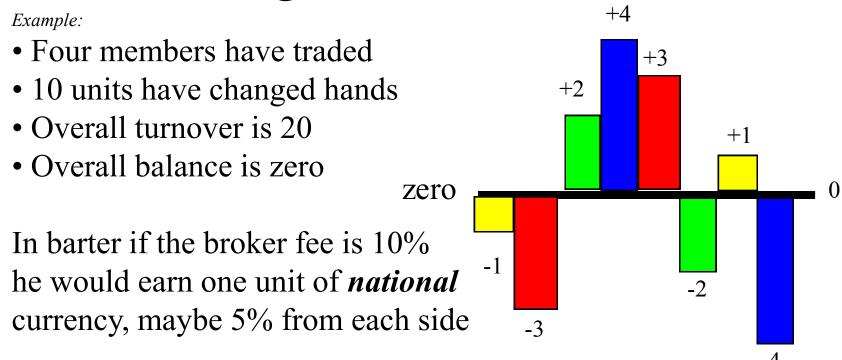
Virtual "clearing" may take place to help manage budgets within companies and between organisations.



Local Exchange Trading (LETS) • Voluntary, self-organised = has Governance & Rules

- Community: based on locality or other common bond
- Private Currency ring-fenced for this community
- Market is established: directory of "Offers and Wants"
- Meetings help members to meet up
- Member-to-member negotiations and trading
- Variety of accounting mechanisms eg Passbooks, Cheques, Vouchers (event currencies), Web-transactions
- Cost of service paid in *local* currency
- Zero-sum including admin account: NB "Mutual".

Accounting in Barter and LETS



In LETS it is more likely that a **regular** monthly fee in *local* would be taken, maybe 1 unit per month - this goes to a system account from which administrators claim payment.

Different Styles of LETS

Systems

- 1985 Canadian model developed from David Weston's "green dollars" +Michael Linton's LETS
- up-front monetary approach
- value-free technical approach
- adapted from commercial barter ie commission-based
- interested in scaling up into major currency systems
- lightweight "governance"

Schemes

- adapted for the UK by
 Liz Shephard = LETSlink
- community association
- core-group roles and tasks
- adopt value-rich local
 "green/community agenda"
- much variation in practice
- tend to prefer exclusivity
- heavyweight "governance" eg constitution agreed by members at AGMs, etc

In practice there is a continuum between these two

Volunteering Approach

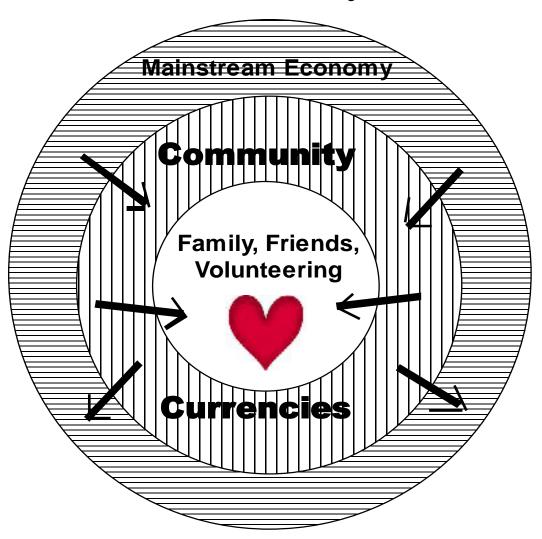
Timebanks

- Simplified and de-monetized (only speak about *community*, never about *currency*) but currency is actually the "hour"
- Based on government's volunteering agenda: "top-down"
- Designed to reach vulnerable individuals eg police-checking
- Hour-based value of people's time is counted as equal
- Trading controlled from office jobs booked in advance so whereabouts of participants is known in advance
- Top-down participants are "clients" not members
- Reciprocity is "encouraged", not required
- Reward-token system (fiat) no system account
- Depends on funding salaried "broker" could limit trading

LETS - systemic weaknesses

- was too poorly resourced centrally to provide much support so lack of common standards led to wide variations
- voluntary effort means dependence on group processes and tendency to stay within comfort zone no outreach
- paper-based systems encouraged groups to limit their size by methods such as asking for renewal of subscriptions!
- shrinking markets result in low levels of trading
- extreme balances can develop due to insufficient feedback
- heavy workload and stress lead to organiser burnout
- developing relationships between members = **altruism!**

Local Economy Zones



New Ways Forward

- go **web-based** to reduce workload, save money, and provide better management and communication tools
- review **governance** to promote common standards and more uniform, professional, co-ordinated approach
- **out-reach** to promote more activity between members and use project-based activity for "quantitative easing"
- improve **co-ordination** nationally and regionally

New INTEGRATED COMMUNITY CURRENCY "ICC" Model

- Combines best of existing systems
- Well-designed customisable printed items for local use, eg Cheques, Vouchers, Passbooks, Fliers etc
- Web-based systems to support administration
- Direct member to member accounting enabled
- Buddy system for computer access and training
- Choice of Hours, Currency, Gift, Cash transactions
 - **
 New: "Commons" projects for currency creation
 New: National hour-based transfer system

LETSlink UK Strategy

- Support existing groups by analysing management styles and group processes, and providing training where needed, including local networking/resourcing.
- Provide software which helps set common standards but is also adaptable to local requirements
- Design city-wide regional currencies with local neighbourhood networks to fill gaps in local provision.
- Introduce LETS to *existing* community, artistic, enterprise, co-housing, and activist groups to support their volunteering and campaigning work.

Contacts & Links

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