

# CCMAGAZINE

November 2010

Community Currency Magazine

**Special  
Edition!**

**Hands up for Eco-Pesa!**

*A new Currency in the slums of Kenya*

**Money of, by, for the Corporations or  
Money of, by, for the People?**

*Report from the 6th Annual AMI Monetary Reform Conference*

## Contents

Appeal For Unity	2
Planting trees and picking up trash with Eco-Pesa	4
Free World Market offers trading backed by silver	6
CC Central	7
Santa Cruz goes local, who is next? 8	8
One big Time Bank- A local currency for the whole of the UK	9
Money of, by, for the corporations or money of, by, for the people?	10
Still innovating after 15 years: Ithaca Hours	12
Intertrading is coming	14
Advertisement	15

## Credits

CC Magazine is published under Creative Commons licence.

You are free to use our content for noncommercial purposes.

Please ask the original publisher, where indicated for permissions.

Volunteer staff this issue:

Editor:  
Matthew Slater

Design:  
Elena Johnson

Templating:  
Ed Reibsamen

Contributors:  
Matthew Slater  
Mira Luna

Layout:  
Ed Reibsamen  
Matthew Slater

Cover design:  
Ed Reibsamen



# Appeal for unity

Now, with developed economies sustained only by guile and gullibility, the complementary currency movement needs to pull itself together..



Participants at the 'Innovating Complementary Currencies' international workshop, held at UEA London on 20th September, 2010. The practitioner workshop brought together 20 expert currency innovators from around the world to discuss current trends and innovations in the world of complementary currencies. It was part of the 'Grassroots Innovations: Complementary Currencies' research project led by Dr Gill Seyfang and Noel Longhurst at the University of East Anglia, UK, which is funded by the Leverhulme Trust. For more information, please see [www.grassrootsinnovations.org](http://www.grassrootsinnovations.org)

Only the mainstream media and government economists seem not to believe that the Western economy is crumbling before our very eyes. Every economic measure, each more desperate than the last, seems only to enrich to banking and other corporations. Almost no-one is talking about de-growth, and from the mainstream media there is virtually discussion about the design of money, or comprehension about who owns all the debt.

Solving the problem of money is a prerequisite for solving the problem of climate change. Hence it is, even more deserving of our attention than climate change. As long as money is issued as interest-bearing debt, there will never be enough of it to repay the debt with interest. It is this built-in scarcity which drives human societies to convert the commons and natural resources to money. It is the interest burden of the money in circulation which is tipping countries into austerity and climate impotence.

Some sterling efforts are being made to change the money system from the top down. It is absolutely necessary to show the bankers the errors of their ways, and to educate elected representatives about the nuts and bolts of economics. Great strides are being made in South America to bring those countries out from under the hegemony of the dollar. Chinese money is interest free, Indonesia is returning to gold-money. But top down change is hard. We cannot rely on governments and central bankers to make good decisions, especially with their inclination to spend now and pay later.

Just as the tobacco industry twisted the science, and our governments frogmarched us into war on the back of a sloppy public relations campaign, those who profit from debt-money will use all means at their disposal to ignore, deflect, distract, disparage and if necessary, destroy belief systems which do not reify their particular self-serving economic models.

We have waited nearly 20 years for our governments to take the lead on climate change, and regulating the light bulbs was a great start. But democracy doesn't work any more, we have to think about bottom-up change. Instead of influencing a few, hard-to-access people, we have to influence a 'critical mass' of everybody, each with their own understanding of the world. Popular mythology around the Millenium, 2012, and the Age of Aquarius, has been expecting an unlikely sounding 'global shift in human consciousness'. The exhausting pace of technology, the screaming from the climatologists, and the economic nausea have certainly shifted my consciousness. And not only me - I am surrounded by examples of innovation and increasing social volatility.

Societies have two basic options. The default, passive choice is to head for hell in a handbasket - rulership by an elite clique, utter environmental depletion, and a new serfdom, bound by chains of debt. But some

## Extended editorial

groups or even whole countries might escape this fate. The alternatives and how to achieve them are staring us in the face - its just a matter of realising them.

Every time we pay or charge bills in debt-money we reinforce the absolutely failed notion that banking corporations are more trustworthy than ordinary people. Changing our relationship to this debt-money does involve a radical shift in consciousness. We cannot save ourselves this time, we can only save each other through community. The good news is that for now, the internet is on our side. Ordinary people have the tools to organise as never before. Debt money has failed to direct resources to where they are most needed. This magazine is about communities transforming their relationship to money, and taking on an attitude of abundance and cooperation.

While there has long been a distinct thread of monetary discussion in the localisation movement, it has had very little impact so far. Money is like the blood that oxygenates society, and individual organs cannot easily opt-out. And while there are many fierce advocates for improving money, institutional support is barely detectable, and most establishment thinkers discount CCs without even understanding them.

True, the movement has a poor track record. Its activists usually have little experience of government, business, media, project management, administration, fundraising, or PR. Strong headed individuals abound, focusing intensely on implementing their own ideas, uncompromising and unable to muster enough support to realise their plans. Sometimes it seems as if everyone wants to be a luminary and no-one wants to be illuminated. There are those who say we have strength in diversity, and that diversity is critical for a resilience; I agree completely, but I am calling for unity in

diversity; listening, sharing, appreciating. We have so much in common: we understand that money and debt are instruments of control but we seek to determine own values and choices.

***"There is no need to repeat mistakes, no need to take orders from above; co-ordination need only mean increasing our awareness of the wider efforts."***

This new economics requires much experimentation, and each experiment involves the livelihoods of whole communities. There is no need to repeat mistakes, no need to take orders from above, we need only work with the awareness of being part of a greater Whole.

So I would like humbly to offer my suggestions to the movement, about how individuals can work to get us to the next level.

- Set up RSS and use it to track all the news sources and blogs that you consider relevant. This will help to keep your work relevant!
- Be aware of, and support the wider movement (like this mag!!) This is probably very efficient use of resources, even if it can't be measured.
- Redeem yourself, literally, by paying off your debts; put all your extra money back into circulation so that others can use it to pay off their debts. Instead of money, shares and pensions, hold tangible assets such as property, food, or metals. Or at least go with a community bank or credit union.
- Reduce the amount of hours you work for money. Then you have more time to re-use, reduce, recycle; share your stuff, make stuff instead of buying. Value things differently - without reference to the national currency. Join your local LETS or Time Bank.

Organise things!

- Grow your community. A typical LETS with 100 people in a town does not make a useful economy. Show movies, invite discussions, display at events, practice loving your neighbours. A complementary currency scheme can be an excuse for socialising, but it can also be a collection of more deeply like-minded people.
- One person projects often fail because their protagonists don't understand how many skills are needed to nurse a project from conception to demonstrated impact.
- If you can't get support for your project, put your weight behind something else for a few years. There is no shortcut to leadership. Many of those bidding to lead communities have personality disorders and can destroy everything if they are not actively prevented!
- People with energy and skills should decide who they think is doing the most valuable work, and seek to augment that. Specialise in what you do best, and support all who need your skills. Making change is much more about working with people than merely implementing technical solutions. This is what I have learned as a software engineer.
- This magazine is offered as a channel for communication. Through communication, we can become coherent.

This magazine would be better if with more volunteers with more skills.

**Tell us about your community and projects:**

- **what works, what doesn't, and why**
- **your partners, strategies and choices**
- **how you engage with local government**
- **what the future holds**
- **your community's needs and surpluses**

Now print this mag! Pass it around! Put your community on our crowd map!





# Planting Trees and picking trash with Eco-Pesa

After doing his service with peace Corps, **Will Ruddick** stayed on and started a currency in the slums of Kenya.

Eco-Pesa is a voucher for the national currency (Kenyan Shillings) which circulates around an informal settlement (slum) in Kongowea Location, Mombassa District, Kenya. It is worth one shilling, and is printed on paper with security features in denominations of 5, 10 and 20 Eco-Pesa.

Impoverished residents of Kongowea continually face the following challenges:

- Lack of purchasing power. People here are living on less than a dollar a day.
- Inability to obtain loans.
- Lack of trade between businesses causing money to flow out to businesses out of the community.
- High levels of unemployment and an inability among local business to make use of this spare capacity.
- Lack of social services, such as waste management and basic health care - cholera outbreaks happen every year.
- Lack of means and incentives, to invest in the local community.

Money which enters the area usually leaves very quickly as it is spent on drugs or on hawkers from outside the slum.

For every Kenyan shilling donated to us, we can spend 1 Eco-Pesa into the community, typically employing locals to collect trash, plant trees, or as part of a microfinance loan. After these events the residents who receive Eco-Pesa can buy services and goods at local small businesses, who then can use it for business trading or to pay youth for more services.

Currently 76 formal businesses, including four clinics accept Eco-Pesa and hundreds of informal transactions happen daily.

Then twice a week we buy back the Eco-Pesa at parity. Shops need national money to buy stock, but limiting their opportunities to buy back

To prevent forgery, users of the currency are trained to check the notes for watermarks.

increases the circulation of the notes.

From August to October over 16,000 Eco-Pesa (~\$200 USD) entered into the community through purchases and trash collection events. Tens of thousands of local transactions have been facilitated and the hundreds of local youth employed. A recent survey indicated that each note was used at least 20 times, which means that 320,000 Kenyan Shillings (~\$4,000 USD) worth of trading has happened with these 16,000 Eco-Pesa - all within a slum community where money had been very scarce.



## Case study

By targeting both environmental conservation and economic development, Eco-Pesa has provided a powerful and holistic model of community development. With Eco-Pesa we have a chance to make sure that development funds stay in the community.

Not only are local businesses seeing more clients and youth getting more work, but there is also an attitude shift in the community toward a feeling of ownership of Eco-Pesa. Mama Mwahamisi, a shopkeeper and cook has tripled her monthly income since Eco-Pesa started. 'Ni pesa yetu,' says local shopkeeper and elder: 'It's our money.'

The municipal government has actually given us a lot of support and we are hoping



for more. They have given us free use of dump trucks on trash clean up days. They actually have a budget for cleaning the informal settlements, but find the task near impossible. Since Eco-Pesa has gotten the entire community involved the task of cleaning seems doable. We collected 20 tons of trash in just a few hours.

But there is so much more we could do if we were better fund-raisers! Right now we only have the funds to do one trash collection day per month and a few tree planting activities. We have set a goal to plant trees 12,000 in and around the community. The current slum area (including the villages of Mnazi Mmoja, Shauri Yako and Kisumu Ndogo) where Eco-Pesa has been adopted is part of a



mapping the business network (above) and a mama talking about selling corn with the eco-pesa (below)



much larger Kongowea location consisting of over 106,000 people. There are also dozens of other very large slum communities in Kenya that need social services like trash collection and an increase in local trade and employment.

To have your money exchanged 20 times by the poor of Kongowea, go to New Day Africa site, click Donate, and designate the Eco-Pesa program.  
<http://www.newdayafrica.org/donate.html>



## Case study

# Free World Market offers trading backed by silver

Jeremy Trudell thinks the US barter networks have become too self serving, and are not doing the best for their members. That's why he has set up an online trading platform for honest money.

**CCMag: Barter networks are gaining popularity with the economic downturn. They are considered much more egalitarian and efficient in some ways, than the mainstream economy. Why are you critical of them?**

JT: Well, I definitely think there are good intentions with barter networks and they do offer definite advantages. They help network small businesses and they generate additional sales for everyone involved. However most of them charge Traditional barter networks charge monthly fees plus a hefty transaction fee, in cash. we don't do that, we have a 5% transaction fee, but its paid in barter. Our merchants never pay any federal reserve notes, and the benefits of that are enormous.



**The John Galt Librecoin, a reminder that REAL money is only created by those who produce.**



Unfortunately for traditional barter networks, they are still making the mistake of backing their barter currency with mutual credit, rather than substance. Then, as invariably happens, more merchants leave the network in debt than in credit, the unit of value suffers inflation. And like in any economy, this hurts the people who have savings.

**CCMag: Barter currencies inflate?**

JT: Yes, like in any mutual credit systems, barter currencies have no intrinsic value. In fact, it was this deficiency that we used to design silver barter marketplace. The merchants in other barter networks that have acquired large sums of barter currency are more than happy to trade out for our silver units at a favorable exchange rate to us - sometimes as great as 3 to 1! This allows us to get face value for our medallions with any merchant in any other barter network.

**CCMag: 'Face value'? Why would your traders value the coins at more than the metal value?**

JT: In any barter network even the unbacked currencies are supposed to be accepted at face value. In Free World Market, all the merchants agree to take the silver at face value, and that draws more users into the system because they effectively get a discount when they start. People who aren't interested in the products offered are only going to value the medallions for their silver content, while others will value them more for what they can buy with them.

At the end of the day, businesses are more

willing to trust the value of silver than trust the debtors in their barter networks. And our virtual silver can be spent on a much wider range of high quality goods.

**CCMag: So you're effectively setting up a nationwide barter network, with a medium of exchanged backed by silver?**

JT: Yep

**CCMag: Why is the American Open Currency (AOCS) important?**

JT: FreeWorldMarket couldn't exist without the AOCS first. We needed to have a consistent trade standard that was spread across different currency issuers across the country. The American Open Currency Standard does just that. Firstly it guarantees the silver content of the coins, and secondly it is an agreement to use the troy ounce as the measure of value, and thirdly, it sets the face value of the ounce coins at \$50 worth of goods or services. Nobody has to take the silver at face value of course, but our merchants realise that a piece of silver that says '50' is worth more than a piece of paper that says '50'

**CCMag: We wish you all the best with your exciting venture!**

John Rogers

# CC Central

John Rogers, through Value For People is working with community leaders to design currencies appropriate to their goals. In this column, he talks about the importance of design and introduces a favoured metaphor.



Complementary currencies, community currencies, local currencies, transition currencies, local money - a bunch of names for a worldwide explosion of New Money while Old Money burns.

I've been designing, running and taking part in various community currencies for the last 17 years. In that time I've heard a lot of theories and seen a lot of practice. I've met participants from rich and poor communities around the world; I've been equally impressed and depressed at both the potential and the actual practice of community currencies. Like the great baseball coach Yogi Berra said: "In theory there's no difference between theory and practice; in practice, there is!"

I believe we need a lot less ideology around the subject of community currencies and

more methodology.

In this regular column I'm going to think out loud about the thousands of experiments with community currencies around the world and find out why so many systems crash, sometimes not long after they leave the garage with great fanfare. I will be questioning practice to see what's working and what could be improved. I'll be revisiting the theories to see how they work in practice and celebrating the successes.

**I'm going to think out loud about the thousands of experiments with community currencies around the world and find out why so many systems crash, sometimes not long after they leave the garage with great fanfare.**

And from the start I want to encourage you to send in your questions, thoughts, problems, challenges, yes even your theories about the practice of community currencies.

A community currency is like a bus that takes people where they want to go. You need an engine - the right mechanism for the kind of bus you are designing; you need a driver - a trained, skilled manager who makes sure people reach their destinations; you need a bus company to arrange the timetable and services and make sure health and safety are taken care of.

A bus has four wheels and there are four essential elements to a sustainable community currency: cost recovery; governance; management; marketing.

You might recover costs, do good marketing and manage the system well but if you don't think about how it is governed, how longterm decisions are made, how conflicts are resolved, your bus will crash.

You might have great governance, management and marketing but if you don't recover the system's own running costs, your bus will crash.

You might govern, manage and recover costs but if you don't market the system well, noone will use it and your bus will crash.

You may cover all costs, market brilliantly and have inclusive governance but if you don't manage the system properly, your bus will crash.

We'll take a trip through community currency land over the next few issues and find out how people are dealing with these issues to create systems that last.

Enjoy the ride!



Santa Cruz's New Earth Exchange adapts Sonoma Go Local's holistic exchange model to its local culture.



# Santa Cruz Goes Local, Who Is Next?

**Modeling their currency project primarily after the Sonoma Go Local project in Northern California, Santa Cruz's New Earth Exchange is set to go. A presentation by Derek Huntington of Sonoma Go Local last week attracted 75 people interested in boosting and transforming their local economy.**

Think Local First, a partnering organization, is laying the foundation for the project, by promoting buying local through "Shop Local Week", a website promoting local businesses, and gift certificates donated by local banks and raffled off that must be spent at local businesses within 24 hours, turning over for a total of 30 days.

The next stage is a paper currency that acts as a reward coupon earned by shopping at member local businesses and redeemed only at other member businesses. Subsequently, the Santa Cruz project will import the Sonoma Go Local rewards card system, point of sale devices included. The rewards card allows businesses to set their reward rates or amounts individually. Here's how it works. I go into buy a book from a member local business. I get a 10% rebate on a \$10 book, equaling \$1. I go to the local grocery store and buy my groceries, and \$1 is automatically deducted from my bill. Whatever reward is left is automatically rolled over to the next transaction and then must be deducted. Though it is called a reward system, it can function just like a local currency, while simultaneously attracting US dollars to local businesses strapped for cash as well. The rewards

points can also be used to pay employees who willingly enroll or as bonuses.

The next two steps are key: business to business credit clearing and local business investment mechanisms. Both of these allow local businesses access to resources they don't have enough of in the conventional economy. Credit clearing allows businesses to barter amongst each other and get a better deal using their underutilized resources to get what they need and help out other businesses. Creating more local business capacity in which the currency can flow is at least as important as the currency itself. Credit clearing may also be used to distribute the burden of the rewards system more equitably, making sure one business doesn't end up backing most of the rewards.

The investment structure dreamed up by Derek Huntington, though not entirely clear, would ideally move local money away from foreign investment and into local businesses where the results can be seen and felt and investments may actually be more secure. Part of this initiative aims to help start cooperative businesses (Sonoma Go Local is itself a coop of local businesses). Investment also helps support the development of import replacement

businesses that can fill in missing pieces of the local supply chain, giving businesses useful options for spending their local currency and helping the currency flow without frustrating bottlenecks.

The program will be funded by individual and business memberships. Membership fees may be temporarily waived and paid back as people use the system, deducted from their accounts over time.



The pitch to businesses is that they will simply get more customers as consciousness is raised and rewards shift shopping behavior away from Amazon, Walmart and Safeway and into local business where it can circulate to support new jobs, expanded business capacity, taxes to support local government services, and so on. Studies indicate that money spent at local businesses create 3 times the wealth in the community that shopping at chain stores does. With the grand plan the Go Local project has dreamed up, this factor could increase significantly.

While the Sonoma still needs to prove that their plan will work, they are nonetheless very inspiring. I wish them luck and look forward to a Go Local craze.

**Mira Luna**

Thu, 10/28/2010



## One big time bank - A local currency for the whole of the UK



Martin Simon

As a result of more requests from time bank members to be able to log in and manage their own accounts, we have now developed a “beta” system which

allows time bank members to log onto time online and check their hours and details and also to put in requests.

Earlier this year we launched a facility so that non-members can search by post code or town for their nearest time bank online and then see on a map exactly where it is, what services it offers including an electronic form to make contact with the broker.

We have now taken this a step further so that members who are already signed up with the time bank can securely log in, search the services that people are asking for (locally and nationally) as well as log the hours they’ve done, print off a statement or request

that someone else does something for them. We also see this as an opportunity for members to create their own profile with photos and an area for them to discuss local events, resources, share links (not necessarily related to the time bank) with each other, join together to run campaigns or just connect with other like minded people. Basically it’s up to the individual how much he or she gets involved – no personal contact details would be given out via the site unless the person decides to allow it.

We have reached out further than just computers, to connect with people who have mobile phones so that when the broker receives a request about a service (via whatever media) – he/she can then spread the word quickly via SMS to try to find a “match”.

Ideal for time-critical services, emergencies or simply just keeping up with the culture of speed. The entire assignment can be set up via SMS. The bulk-sending of text messages can also be used to promote local events,

remind people of their time bank balances, and to generally prompt people to interact with the time bank.

Finally, if you don’t have access to the internet then don’t worry. If you have Sky or Virgin TV you can use your TV to learn more about Timebanking and we are piloting the use of digital TV. Timebanking UK is at the forefront of online community currency work and has a vision of incorporating time banks with initiatives like ‘talk about local’ to provide local hubs all plugged into a national network – A truly Big Society.

The latest statistics for the UK:

- 94 active time banks
- 94 developing time banks
- 2 neighbourhood time banks
- 13,585 participants actively involved in time banking
- 756,492 hours traded between participants to date

[www.timebanking.org](http://www.timebanking.org)  
[info@timebanks.co.uk](mailto:info@timebanks.co.uk)



# Money of, by, for the Corporations or Money of, by, for the People?

Carol Brouillet reports from the 6th Annual AMI Monetary Reform Conference, October 2010. Participants and speakers came from Asia, Europe, Australia, and New Zealand to share their understandings and analyses of not only the monetary system but also the larger systems in which finance is embedded that affect the United States and the entire world..

Stephen Zarlenga, author of *The Lost Science of Money – The Mythology of Money – the Story of Power* and co-founder of the **American Monetary Institute**, noted that the severe nature of the monetary problem cannot be denied or hidden anymore. Modern economists, in general, have been disgraced, as they have justified forms of usury to empower those misusing the world's money systems in favor of utility over morality. He quoted Henry George,

*“[economics]...a science which...seems but to justify injustice, to canonize selfishness by throwing around it the halo of utility...”*

The vast majority of people can see that the financially powerful are taking advantage of the weak. The real battle has been over whether the creation of money will be private or public, and how to define money. Zarlenga has concluded from his study that

*“money is an abstract social power – an institution of the law, becoming money because government receives it in taxes, and*

*having value because of people working in a supportive legal and social structure producing values for life.”*

Without monetary reform there cannot be democracy. The main parts of the American Monetary Act would nationalize the Federal Reserve and incorporate it into the Treasury Department, prohibit private banks from creating money, and allow the government to create money by spending it on infrastructure, including healthcare and education and a one-time citizens' dividend. (His opening remarks are posted [here](#).)

New Zealander **Jamie Walton** detailed the minimum planks of the American Monetary Act that would be necessary to put time on the side of the people, acknowledging that many more reforms would be needed before the Act could even get passed by Congress. He emphasized that monetary reform was the key to all the other things that we seek—recovery, stability, prosperity, sustainability, justice, peace, security, and freedom. (Yamaguchi's sophisticated model

shows how this reform would theoretically work demonstrating that it can pay off the national debt without inflation).

Congressman **Dennis Kucinich** participated via video praising Zarlenga and the AMI's work and stating that he hoped to introduce a bill incorporating the American Monetary Act's main proposals into Congress this November.



Monetary experts **Robert Poteat, Professor Nic Tideman, and Dick Distelhorst** made eloquent, powerful cases for the need for monetary reform as soon as possible, emphasizing the moral imperative of money being used to serve people rather than to rob the many for the benefit of the few. **David Kelley** also spoke about how to counter the lies, blasting the Orwellian language and rhetoric that so often paralyzes the public. “We need to understand profoundly the depth and magnitude of the looting that is going on—identify it, name it, stop it.” I spoke at the conference on “Strategy for the Monetary Reform Movement,” trying to **Greg Coleridge mentioned the populist party and how they had succeeded in reigning in the corporations a hundred years ago”**

identify where we are historically and point to the most effective steps to take. Every speaker seemed to shine a light on some aspect or facet of the unique time we are



## Building the movement

living in, as well as the larger patterns, to help us identify leverage points to turn the system from its destructive path to the direction of justice, truth, morality, and life.

**Greg Coleridge** described his work with the Program on Corporations, Law and Democracy (POCLAD). He spent a considerable amount of time researching the roots of our problems, eventually identifying the corporate form and its history. Subsequently POCLAD traveled around the country, educating people about the need to rein in corporate personhood, whose power is perhaps the greatest threat to humanity today. He mentioned (as I had) the Populist Party and how they worked, and succeeded to some degree, to rein in the corporations over a hundred years ago, and how the real battle that we find ourselves in is the corporate colonization of our minds, the struggle between people power and corporate power. In the wake of the Supreme Court ruling that allowed corporations to spend an unlimited amount of money on elections, they launched [MoveToAmend.org](http://MoveToAmend.org) to end corporate rule and legalize democracy!

Professor **Michael Hudson**, author of *Super Imperialism: The Economic Strategy of American Empire*, in his talk, also mentioned that the transference of wealth taking place today rivals the corporate giveaways to the railroads in the 1800s and described it in biological terms. He said that parasites not only numb their hosts but can actually affect their brains so that their hosts think that the parasite is part of them, and even steer their hosts towards food so that the parasites can feed themselves. The financial parasites are clearly devouring the

***"parasites not only numb their hosts but can actually affect their brains so that their hosts think that the parasite is part of them, and even steer their hosts towards food"***

productive capacity of the Earth at tremendous human and environmental cost, and they couldn't do so without controlling the public mind or the media. Professor Hudson also spoke about the looting of the Savings and Loans in the 1980s which began the most dramatic period of the criminalization of the financial industry. A supporter of the AMI's proposed reforms, he advised us to broaden our focus to include the fiscal reforms that must accompany monetary reform; the land issue and money issues are impossible to separate.

Both **Professor Keen** and **Professor Yamaguchi** had separately developed complex computer models to show the dysfunctionality of the current debt-based system, as well as to demonstrate where reforms could be introduced to remedy the situation. Professor Keen's main point was that credit itself was not bad, depending on what it was created for. When introduced into the system for productive purposes, it is not harmful, but when introduced to fuel speculation, it can be disastrous and serves to act as the devouring parasite. He suggested adding other measures to prohibit parasitic speculation. Professor Yamaguchi's model was more complex than Professor Keen's. He showed how the system would work if the AMI's monetary reforms were introduced; he provided his software to everyone for free to try out and get our

feedback.

**Steven Walsh**, who has been studying colonial script, facilitated the group discussion for several hours to draw out our collective wisdom in identifying goals, obstacles, blocks, language, and processes we need to think about if we are to succeed in winning over the public, implementing monetary reform, and realizing our higher goals. **Ben Dyson** described his accomplishments and efforts in the U.K. to convert "enemies" into allies and gain public support to enact similar legislative reforms under the banner of "Positive Money" and a win/win situation for everyone.

Tommy Gregory of the U.S. Department of Agriculture in the National Agricultural Statistics Service and organic farmer Douglas Wolfe examined agricultural issues and how money, parity, and policy decisions affect farmers, the crops they grow, and consequently human health. The monetary issue can't really be separated from land and tax issues, since money, land, military force or taxes can be used to force people from the land or enslave and rob them. Today, there has never been greater inequities, or a concentration of wealth and power in the hands of a few. William Bergman described, in brief, his experiences at the Federal Reserve Bank in Chicago, and how he viewed the bailout, the winners and the losers.







## Still innovating after 15 years: Ithaca Hours

**While serving as a model for many new currencies, Ithaca hours founder Paul Glover has taken the project in a surprising direction**

Ithaca Hours creator, community organizer Paul Glover, had received a grant to study the Ithaca economy and concluded that, since there wasn't enough money to fix the system, Ithaca should print its own money. His premise was simple: the local economy was failing. People were making money locally and spending it in malls and corporate chain stores. But if you put a town's name on it and backed it with people instead of banks, you could ensure the money would never leave, just re-circulate, only comforting the wallets of those lucky enough to share the Ithaca area code.

***"Whereas dollars will come to town, shake a few hands and then be gone, this is money with a boundary around it."***

The plan worked and Ithaca's unemployment rate has remained a full two percentage points better than the national average for the last 20 years. Since his move to Philadelphia five years ago, Glover has become something of a sage for

Pennsylvania communities in need of an economic boost, giving lectures on the local economy and explaining the magic of local currency. Now, the concept that started as a crayon sketch while coloring with his girlfriend's nieces, has three PA communities looking to cash in, putting a new face on old money.

"The basic ingredient for a local currency is that a dollar system is not distributing the money effectively in the community," says Glover. "What are dollars backed by? They have been backed by gold, silver, rusting industry and a \$12 trillion national debt that will never be repaid. In local communities, we regard dollars as funny money. Whereas dollars will come to town, shake a few hands and then be gone, this is money with a boundary around it."

"The economy will not rebound until consumers start spending again," says Ardmore Initiative Executive Director Christine Vilardo. "We wanted to do something that would keep that spending local."

A sale or discount wasn't going to do it. This was a community-wide problem, so the solution had to be holistic. Planners at the Ardmore Initiative saw the downturn as an opportunity to bring people back to Ardmore. After looking at Glover's work and similar programs, they created Downtown Dollars, a form of currency that would create a discount at smaller retailers in the Ardmore business district. Invoking the feeling of traveling to a country with a favorable exchange rate, Downtown Dollars are exchanged for double the cash value, creating a district-wide half-off sale. This way, instead of just one store reaping the benefits, shoppers were free to search for bargains at less-visited establishments.

Backed by an initial \$5,000 grant from the Ardmore Initiative, Downtown Dollars hit the streets in May and sold out in a matter of hours. People waited in line in the rain to collect the steep neighborhood discounts. Since then, AI has put another \$2,500 on the front end, and, with the help of local banker and chair member John Durso, were able to



secure \$10,000 of additional funding from four community banks. This will allow Downtown Dollars to return in November, where AI hopes to once again draw consumers just in time for the winter shopping season.

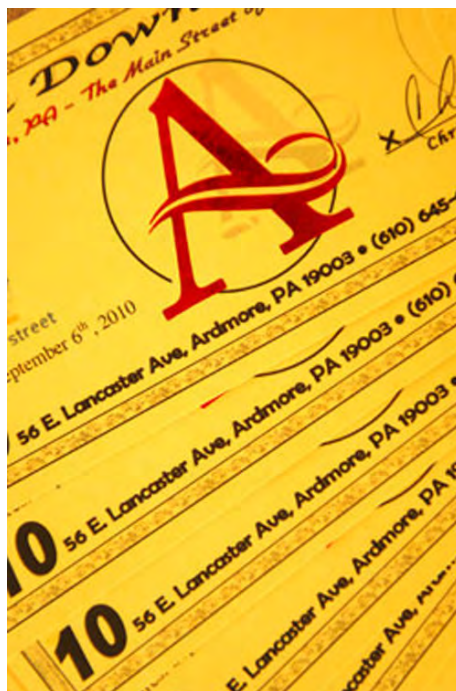
## Building the movement

"This was never intended to be a long term solution, just a short term solution to what we hope is a temporary economic situation," says Vilardo. "We have seen the environment start to change, people are starting to shop and spend money again. And this program makes people aware of just how many stores and places to shop we really do have in Ardmore."

In the time that it took Ardmore to create and distribute their local currency, a similar effort in the Lehigh Valley had all but fallen apart. Using Ithaca as a model, retired teacher and environmental activist Gwen Colgrove had created a local currency group called Lehigh Valley Dough in 2009. The group invited Glover to speak at a forum on the economy in the Lehigh Valley and, with a few fellow activists, Colgrove enlisted a team to help compile a list of businesses to target. But after returning from a six-month voyage to India, she found her team missing in action and an inbox full of e-mails from excited business owners. Now, Colgrove is back on the case, searching for a full-time office manager for the project and lobbying community organizations for support.

***"In a plan to combine his two greatest achievements, Glover recently created a form of low-cost medical insurance that would create a health-conscious currency"***

This isn't the first time the Lehigh Valley launched its own currency program. In the mid-1990s, an hours program was put in place to battle high unemployment, enrolling over 100 area businesses to accept the 1-to-1 local currency. But with no one leading the charge, the system quickly fizzled out. So when Colgrove called Glover this time, his advice was simple: hire full-time people and it will work.



"When one starts a local currency, one is starting a community institution," says Glover. "The game of monopoly is over in a few hours but the challenge of anti-monopoly never ends. Any community that wants to start it needs to hire one person to network to the community."

As for Glover, now that he has found a new home and a few new devotees, he is looking for one thing: trouble. In a plan to combine his two greatest achievements--his currency and the Ithaca Health Alliance free clinic he founded in 1997--Glover recently created a form of low-cost medical insurance that would create a health-conscious currency, allowing over a half a million uninsured Southeastern Pennsylvanians to pay just \$100 per year for basic medical services.

Partnering with Dr. Patch Adams, a well-known free clinician and the subject of the 1998 Robin Williams film, Glover hopes to open PhilaHealthia, a free clinic where patients can purchase Medicash, a currency with a new boundary: health. Businesses promoting a healthy lifestyle would accept Philadelphia Medicash, as would

PhilaHealthia. Along with promoting the empowerment of a local currency, Glover says, the Medicash would incentivise healthier living.

"This currency underscores a transfer of economic power from Wall Street to Main Street," says Glover. "And it allows people to further explore the healthy options in their local community while being insured."

Only this time, he has not been received with the same warm accolades. The Pennsylvania Insurance Department has issued a Cease and Desist order to PhilaHealthia, saying it requires an insurance license to avoid violating state laws. This license, Glover contends, requires exorbitant cost and years of red tape.

***We have started an underground movement of uninsured people who pool money into what is now a glorified broken bone fund.***

"Their laws are a cage for us to die in so we are going to do it anyway," says Glover.

"We have started an underground movement of uninsured people who pool money into what is now a glorified broken bone fund. But without state approval, we are limited to an underground movement. And we will be inviting the state insurance department to come to Philadelphia and address the uninsured and tell us why we must die rather than collaborate with one another."

When asked if he had any fear of reprisal, Glover had one response: bring it on.

"I hope to get in as much trouble as I can," Glover says. "People gain dignity through taking power over finance. Large social changes to redress injustice require revolution. And I don't expect that change to come easily."



## Intertrading is coming

**One of the limitations of mutual credit clearing is that the currency cannot leave the circle, so the usefulness of the currency is limited in principle by the number of its users. But there are ways around!**

One of the major barriers to achieving scale in a decentralised mutual credit economy is the fundamental inability of credits and debts to leave the system, making exchanges between groups difficult. However, it is critical for the usefulness of the network that members be able to trade outside their local groups, across the network firstly with adjacent local groups

The most highly evolved solution seems to be that each scheme has a single 'intertrading' gateway account which holds the balance of all external transactions. The schemes then make a virtual transfer as user A pays into his scheme's intertrading account, while user B is paid an equivalent from her intertrading account. CES was the first to offer this within its network. This intertrading can take place perfectly well without all the web sites being able to talk to each other. Community Forge is working with the French and Belgian SELs to set up interSEL trading even without software. Each transaction has to be negotiated by the scheme's accountants. In order for this to happen, all the participating

schemes need to agree on a standard measure of value.

The first diagram shows how intertrading usually works between mutual credit clearing circles. Each contained circle is an account within the association, with the intertrading account protruding slightly. Since it is meaningless to transfer value outside the system, value is transferred instead to an intertrading account, while elsewhere an equivalent value is transferred from an intertrading account. This method means that both parties use their normal currency, no special accounts need to be created for one-off transactions, and the currency doesn't go out of circulation, like the Nepali Rupees I brought home and couldn't sell.

The Tauschring network has been working with the Cyclos team, and made a lot of progress in this area. They are automating the intertrading between Cyclos instances on different servers, which is harder because there needs to be better authentication and a registry of participating schemes.

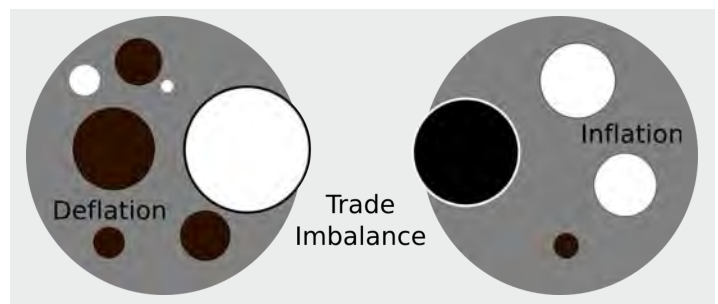
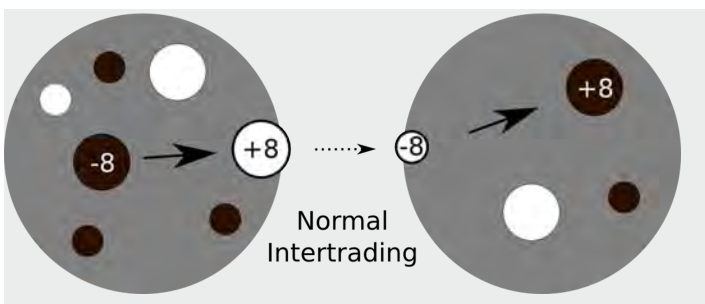
This mutual credit economy has balance-of-trade mechanisms designed in. Intertrading mutual credit associations must, like their members, keep the balances around zero. The equity of the intertrading account is a collective responsibility, as a poor balance-of-trade will restrict intertrading transactions from happening. The Tauschring network has a rule that no intertrading account should hold more than 10% of the scheme's activity. They have also agreed on an exchange rate mechanism which factors in a time-value for the currency unit, and the local Euro minimum wage. This is the most advanced, but there do need to be more objective measures of value.

The second diagram shows what happens when too many of the above payments are made with too few going in the opposite direction. The intertrading accounts bloat and cause a liquidity crisis. The solution is for the association to constrain the balancing account, just as all the other accounts have minimum and maximum limits, and for the community as a whole to balance its trading with the outside.

CES is working on a software protocol so that any association, once an exchange rate is agreed, will be able to exchange with any other association with compatible software.

Watch this space.

How it works. Accounts above zero are white, below zero is black. Larger circles represent larger balances. Total black area = total white area within any one grey circle. The 'intertrading' account acts as a proxy for all external traders. This will work as long as the account doesn't get too large.



## Advertisement

# Awakening the dreamer - Changing the dream

Followed by Open Space Forum for Changing the Economic Dream

Can you imagine an economy which builds community? An economy that is based on cooperation instead of competition? Can you feel yourself free from money worries? Can you see an abundant future of wealth in your pocket and community built on exchange and interchange? This event is an opportunity to discover and learn about how our economy is currently structured and alternatives to this mode of doing business. It will introduce complementary currencies as monetary systems that have the potential to build community and strengthen local economies.

It's time to get to work on a loving and healthy economy. What are the issues and opportunities to integrate new approaches to

economics, with the current state of the world that you care about?? What are your ideas, questions, recommendations, concerns, needs and desires for resolution and future directions on this integration, right down to the level of implementation?

This is an invitation for you to join in this exploration of possibilities and start building local economic resilience. If you attend this Symposium, come prepared to share your experiences, wisdom, and compassion in creating economy that builds community.

<http://newecohumanity.blogspot.com/>

26TH and 27TH OF NOVEMBER, 2010  
Hall - Fairfield Christian Family Church, Brisbane.

\$55 Donation.

Completely payable through Brislets/CES for users of the system. We would appreciate if you can let us know in advance if you're attending. But you're more than welcome to just show up during the weekend. For more info, follow our blog and/or contact us:

[newecohumanity@gmail.com](mailto:newecohumanity@gmail.com) Tatiana Maya, Brisbane, Australia

Free web site for your community  
with

## Community Forge

Tools for Localisation

- All open source
- Complementary currencies
- Customisation available

<http://communityforge.net>