CCMAGAZINE

April 2011

Community Currency Magazine

Christchurch earthquake 2011

The role of Timebanks in Crisis response

Contents

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A word from the editor

In February the CC event of the year drew about 200 of us to Lyon for 3 days of talks and papers. But though I've kept my finger on the pulse, I've not seen a single write up of that event. In fact even though I was at the event, I still don't know of any outcome. Please write in and tell us what came out of Lyon, for you.

The mag is a bit thicker this month, as we've had the assistance of Annette Loudon from Sydney LETS with the layout. There's no shortage of news to report either, from the social impact of Time Banks to the very public quashing and dismemberment of the Liberty dollar.

Also thanks to the International Journal of Complementary Currency Research (another voluntary publication) for the rights to reproduce Josh Ryan Collins paper.

Send us a photo of you holding your printed copy of the mag! We'll publish it! Also please put your community on our map, and send us your articles, cartoons, commentary, and lessons learned.

The Role of Time Banks in Crisis Response

The Lyttelton Time Bank played a vital part in the local response to the recent New Zealand quakes. This report is from the ground. By Margaret Jefferies, Chair, Project Lyttelton

Julie Lee the Lyttelton Time Bank co-ordinator hard at it at the first point of contact at the Emergency Centre

If anyone had any doubts about the huge role that Time Banking can play in holding a community together, turn to the experience of the people of Lyttelton.

Lyttelton was at the epicentre of the recent devastating earthquake in Christchurch, New Zealand, and is Christchurch's port town (3000). Its harbour sits on the inside of an extinct volcano linked to the ocean. It is beautiful.

On 4th September 2010 a 7.1 quake caused much damage in both the city and port. It weas a miracle there was no loss of life.

Although we were still experiencing aftershocks, we were starting to move forward. Then the February 22nd shock rocked us. It was a 6.3 quake, but closer to the built-up area and shallower. The results are huge. And this time there was significant loss of life.

For the Time Bank, the first major earthquake was like a trial run. We learnt much from it and took those learnings into the second.

This was the situation when the 4th September earthquake struck. With not so much damage in Lyttelton compared with Christchurch city, all Civil Defence personnel were deployed into the city. But there were needs in Lyttelton all the same. The volunteer fire brigade, ambulance and Health Centre asked the Time Bank to start co-ordinating volunteers, and we did. Teams of people helped take down dangerous chimneys, called up older people in the community to check if all was OK, and provided a drop in centre for people to simply touch base with other humans.

This worked well, and our Time Bank membership levels increased markedly – at a guess 12-15%.

However, a small amount of ill feeling emerged between the Civil Defence team and the Time Bank as the media talked about how great the Time Bank was. We started healing those links, looking closely at how the whole community works together in such a situation. By the time the second, more devastating earthquake hit, people were already thinking about how things might be done differently. The first earthquake was like a wake up call to get our systems improved.

I am writing this just as we are moving out of the emergency phase of the 2nd earthquake. This time aroundwe did everything so much better, with a seamless link between the official emergency services and Time Bank. Time Bank has also acted as a conduit so people can find out what is happening and where. There have been bulletins coming out from the Time Bank sometimes 4 times a day!

Some properties of a Time Bank which are significant in times of disaster include:

• You know what skills you have available in the community

• You have rapid ways of accessing them

In the midst of it all life continues. A group of Time Bankers – not trading, just living the ethos of TBing making hand stitched heart brooches. 100s of these hearts have been made by the initiators and all the people that sit down, stitch, and make hearts for themselves and others. Ministers of the Crown, sports celebraties, Lyttelton people and crumbled Lyttelton buildings all wear our hearts visibly. The Time Banking system is influencing the psyche of the whole community.

• People are already practised in using such a connecting system so it kicks in fast

• There is a strong human element, it builds a sense of community where compassion and love become the norm

• It allows all people to be involved

• Above all, it creates hope

Look at our website to find out more: **www.lyttelton.net.nz**

Madison, Wisconsin: Leading the fight for economic sanity

While supporting the working classes in the ongoing upheaval in Madison, Wisconsin, USA, the Dane County Time Bank is looking forward to making mutual credit accounting much easier for communities to adopt. Stephanie Rearick took the time to tell us more.

As you may have heard in the news Madison, Wisconsin has its own kind of emergency, this one stemming from a perceived 'fiscal crisis' and draconian power grabs and privatization efforts stemming from it and being repeated nationally and in states, cities and towns around the United States.

Read Naomi Klein's The Shock Doctrine to get a full picture of this kind of political strategy in a nutshell, governmental bodies across the country are using the ongoing collapse of the US economy as a reason to gut education, health care and human service programs, privatize public resources and severely curtail civil liberties.

But people in Madison are standing up and fighting to reverse this trend. Hundreds of thousands of people have converged on the Capitol over and over again since mid-February, sustaining a new energy and enthusiasm for the power of the people. And it makes a lot of sense that this people's uprising is happening here, where we have a very active and engaged population who have already been working to create community-based solutions to problems caused and exacerbated by our broken economic system.

The Dane County TimeBank is on the front lines of this fight in more ways than one. A member who organized the family space in the Capitol during the people's occupation used the timebank to recruit support. Next week Dane County TimeBank members will drive others to the polls to elect more law-abiding officials. But more importantly and longer-term, timebanking is showing people here that an economy can be fair, equal and inclusive and that we have the tools to create it right here in our own backyard.

Based on our great experiences in Dane County and reports of similar experiences in many different contexts around the world, we believe that the potential of timebanking to create conditions for creative collaboration and problem-solving can be unleashed to transform communities. So we've now begun 'Time For The World', an international project working hand-in-hand with TimeBanks USA to build on our experience here and create multi-media learning tools, experiments, models of implementation and evaluation and support structures to make timebanking more effective and accessible worldwide, while finding ways to more

The courthouse was occupied 24/7 for over 2 weeks.

effectively connect timebanking to other human-scaled economic development tools such as price-based mutual credit systems, micro-credit circles, and public banks, in order to create and adopt a more holistic approach to creating an economy that works for people rather than vice-versa.


Did you see the one on Fox News where protestors are pushing cops and there are palm trees in the background? That wasn't here during our peaceful protests but they pretended it was.

Timebanking, because of its egalitarian, easy-to-understand approach to equal exchange of time, is a great way to include people and activities that tend to be marginalized in other economic structures, including market-oriented complementary currencies.
Timebanking gives us the ability to pool our time and talents and use those as a resource base from which we can organize community-benefiting activities (like our neighborhood-based Youth Court, prisoner reentry, weatherization, community gardens, etc) that are not completely dependent on securing outside funding resources. These qualities also make timebanking a great experiential learning tool, opening people's minds to all the non-market elements that constitute an economy and to the fact that we don't need to be bound by the availability of dollars in order to make exchanges and create value in our communities.

We see this as a key to opening doors to other forms of exchange and will this year experiment with combining our timebank with a local price-based mutual credit system (started by Madison Hours, another complementary currency system we cooperate and intend to join forces with) that can be used more readily by businesses. In doing so we hope to use the strengths of each system to bolster the self-sustainability and efficacy of both. An, as with every effort of Time For The World, we'll be actively sharing what we learn with people around the world. You'll be able to see our data and results, use our implementation models, and adapt our materials and tools to any use that suits your needs.
Time For the World is based on involving everyone working at each person's own level of ability and experience and with each person's unique strengths, no matter how 'marketable' at all levels of activity, from participating in timebank exchanges, sharing stories, documenting successes and failures, to coordinating timebanks, starting new projects, designing appropriate interfaces between timebanks and other human-scaled economic tools, translating or localizing materials, programming and configuring new software and other technologies, spreading the word, teaching others, raising funds, the list goes on and the sky's the limit. Or rather our imaginations are the limit. We hope you'll use your imagination to see how you might want to work with us on this exciting endeavor and create the kind of world we want to live in.

http://timeftw.org
http://danecountytimebank.org
http://timebanks.org

BitCoin: a rube-goldberg machine for using electricity

BitCoin, a new decentralised, scarce, anonymous money technology has been getting attention recently. But is generating money the best use of scarce energy resources? And could it scale to underpin an economy? (With kind permission from Acrylicist over at http://xfin.wordpress.com)

With the Electronic Frontier Foundation's announcement that they would being accepting BitCoin donations, the alternative money community began to take a larger interest.

I certainly did, and in the end, BitCoins create a perverse incentive to consume energy to "create money." Here is why.

What is a bitcoin and how do you create one?

A BitCoin is created whenever a user's computer churns though a SHA-256 hash repeatedly from a hash until it results in a number less than a given number. Statistically, hash functions are supposed to have very unpredictable content–that is what makes them secure. Whenever a BitCoin client churns through a hash starting from a given number issued to the network, it burns CPU time (and thus energy). The probability of getting a hash to be "less than" a given 256-bit number is quite low. Successfully determining how many SHA-256 rounds it takes for a particular nonce to hash to a number lower than some value is called the "proof of work." If while your computer receives a new "block" from the network (meaning another computer successfully won some BitCoins), your computer must start over with a new nonce.

How much energy does it require to mine the average BitCoin?

> The electrical cost is about $0.36. Bitcoins are trading now already at values below this.

With my "older computer," the hash rate averages around 2000 khps on a microprocessor going full-bore consuming about 65W. The current difficulty shows that a new BitCoin can be mined by a computer at this speed on average every 113 days. So, 113 days × 24 hours = 2712 hours. 2712 hours × 65W = 176280 Wh or 176.28 KWh. The average cost of a KWh in the United States is 10.45 cents. So we're looking at spending $18.42 to create 50 BTC (at the moment). So the electrical cost is about $0.36/BTC. BitCoins are trading now already at values below this, so I can only assume that they're being sold at a loss or others may be externalizing the costs of electricity and not taking this into account. If you were to pay your electric bill in BTC, you would have a positive feedback loop (always a bad thing) that consumes more energy to earn money to pay back the power company. It doesn't matter how efficient your processors are—you're spending more money to make money.

Now I understand the motive to why BitCoin is like this: it is to prevent run-away inflation– the number of BitCoins that will ever be available to the world is limited to X million. If BitCoins are lost due to corruption or data loss, they can never be recovered. (Clue in the Greifer who writes a trojan horse that seeks out to destroy unprotected wallet.dat files!) While the BitCoin FAQ claims that it is a misconception to say that BitCoins gain their value via the electricity used to generate them, as there is no other way to feasibly generate a BitCoin other than the mass consumption of electricity, I don't agree with this assertion. Once a BitCoin is generated, you still have the problem of a market that still must determine their "value"–does it cost you 25 BTC for a sandwich or 2.5 BTC for a sandwich? With an absolute fixed quantity of BTC to be created (until about the year 2140) and a specification that says that BTC can be subdivided down to the 0.00000001ths (not that any client supports this at this time, most mandate the limit of hundreths of a BTC are the smallest subdivisions) we have a currency that will devalue itself almost as easily as the Zimbabwean dollar, except by using progressively smaller and smaller subdivisions of a BTC. Should we be using BitCoin 10-decades from now, we'll still reminisce how it used to be that 10 BTC would have bought you a nice meal, and so on.

Once a BitCoin is generated, you still have the problem of a market that still must determine their "value"

So what use is BitCoin?

BitCoin is driving a lot of people to think about the problems of creating transactions that cannot be interfered with by third parties, without fees, etc. The "Timestamp Server" concept and distribution of publicly "spent" transactions (to prevent double-spending) is still a valid concept. Anonymity in transactions is still something desirable, but I don't believe that you can achieve it via near-anonymous digital signatures online.

BitCoin is driving a lot of people to think about the problems of creating transactions that cannot be interfered with by third parties, without fees, etc.

In the end, the artificial creation of the limited number of possible BitCoins via this "proof of work" (doing millions of SHA-256 hashes over and over) is madness. All you really need is to have "proof of limitation" without the politics—was the market restrained from creating too much money too fast? BitCoin's use of a procedural solution is the wrong track when all you need do is define a constraint via a formula and apply it as needed over time, instead of everyone continuously spinning a hash function and wasting electricity. Keep the transactions public, cryptographically sign them, and audit them with a money model and you'll be able to keep much of what is good about BitCoin.

And of course, use a "commodity" the people can intuitively understand, something like… time.

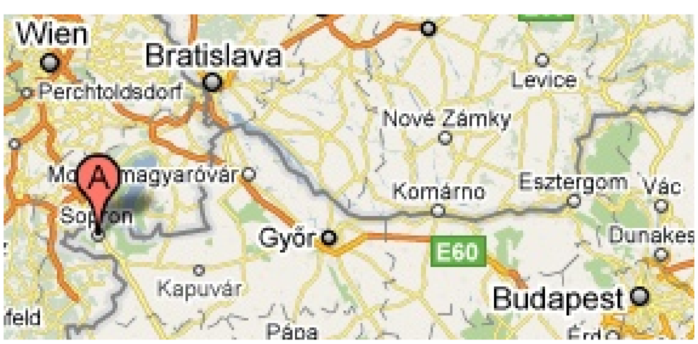
bitcoin ACCEPTED HERE

European co-op law for Hungary local vouchers

From humble beginnings as restaurant vouchers, the Kékfrank is now leveraging a new European law which allows cooperatives to use their own currencies for internal accounting purposes.
by Zsuzsanna Eszter Szalay, adapted by Mark Griffith

During the transition period 1989-1998, Hungary's centrally-planned economy became a free-market economy. State-owned companies, for the most part, ceased trading. The Hungarian economy declined, numbers in work fell drastically and reliance on imports increased. These trends are still gaining pace. Local retailers felt the effects, and multinational retail chains started to gain market share.

From the year 1993 Hungarian companies started to use meal and vacation vouchers to supplement wages. Profits to voucher issuers come from being able to use the value of the vouchers as a capital resource during the average time between issue and redemption by holders. The French companies, Sodexho Pass, Accor Services, and the Chèque Déjeuner completely covered the Hungarian market by 2006.



One of the most renowned restaurant owners in the city, Tamás Perkovátz created the Kékfrank in 2007 as a hot food voucher that could be used in his own restaurant and in other restaurants. Later cold food, gift vouchers, and school vouchers, were introduced as a single-use complementary currency under the name of HAMI. His goal was for vouchers to be accepted in only Hungarian-owned shops and restaurants. They were accepted in 60 to 70 municipalities and in Sopron at around 180 places. Capital resources were created, and turnover rose.

The appearance of a new form of enterprise, the European Cooperative Society (SCE) helped support the Kékfrank. The aim of the European Parliament and Council was to promote cross-border cooperation by creating a form of enterprise that can appear as one legal entity throughout the European Union.

The law through which the 2007/64/EC European Union directive (EC, 2007) - Payment Service Directive was adopted into Hungarian law also supported the creation of the Kékfrank. This legislation is important for two reasons: Firstly it introduced a new form of enterprise, an institution offering payment services, Secondly it defined the payment instruments and services, that is, issuance and acceptance of complementary currencies, and payments by telecom, digital or IT devices.

According to the local monetary policy regarding this currency, to discourage redemption of the Kékfrank, 2% + VAT redemption tax is charged at the act of redemption. Future objectives are electronic, bank-card payments besides paper-based transactions and the start of Kékfrank-lending.

The structure focused on the final consumer will have to transform in future into a network of supply chains.

To sum up, the base for the launch of the Kékfrank was an already established system of vouchers. To develop this system, support was obtained from local and national business leaders. The first Hungarian SCE was founded, a long licensing procedure was carried out, and media announcements were made. But the real test is coming only now: Members of the SCE should use the new currency for their transactions as intensively as possible, allowing as little as possible to leak out of the Sopron region via exchange into forints in order to maximise the local stimulus effect. Then a defiant saying of Kristóf Lackner, a celebrated former mayor of Sopron, "Mergitur non submergitur" ("Adrift but not sinking"), can at last come true.

Restauranteur, Tamás Perkovátz

"Members of the SCE should use the new currency for their transactions as intensively as possible, allowing as little as possible to leak out of the Sopron region via exchange into forints in order to maximise the local stimulus effect"

Kékfrank Facts:

The "HA-MI Összefogunk/If-We Unite Limited Liability European Cooperative Society" (that is the SCE supporting Kékfrank) was founded by 123 members, entrepreneurs and individuals, through purchase of 385 shares, each worth 100 euros. Thus, the SCE was founded with 38,500 euro authorised capital, on 29th November 2009.
Several Sopron decision-making groups are strategic partners in the initiative
To become a member of the SCE, the recommendation of a member, the purchase of minimum 1 (maximum 40) shares of 100 euros each, the acceptance of the statutes, and the approval of 5 members of the board of directors is needed.
The main goal of the SCE is to stimulate the local economy in Sopron and its region with the help of the Kékfrank complementary currency, in a cross- border setting, through the firms of its members, encouraging the purchase of locally produced goods and services.

The paper version of the Kékfrank complementary currency (abbreviated Kfr) was printed by the Hungarian Banknote Printing Shareholding Company, and the first official exchange took place on the 7th May, 2010.

The currency, like the forint, has 6 different denominations: 500Kfr, 1000Kfr, 2000Kfr, 5000Kfr, 10 000Kfr and 20 000Kfr, but no coins exist, if these are needed, the Hungarian forint can be used. Kékfrank notes have 7 security features, including watermark, individual serial number and ultra-violet ink.

Kékfrank is 100% backed by forints, it can be acquired with forint (1 Ft = 1Kfr) in the branches of Rajka and Region Credit Union at two locations in Sopron. The paid-in forint amount pays interest at the level of the base rate of the Central Bank of Hungary, for the benefit of the acquirer and the community.

The Kékfrank can be circulated freely, it has no expiry date. Since Kékfrank deposits cannot earn interest, it is expected to circulate faster than the interest-paying forint.

Maia Maia for carbon emissions reductions!

A innovative community in Western Australia is about to issue notes on the basis of local emission reduction projects. Each note tells a story! Sam Nelson writes...

Maia Maia ERCS, a local Western Australian group, has created a new way for local communities to make their efforts to reduce carbon pollution, which are normally invisible, into a tangible form of 'community money'. The approach is similar to simple loyalty programmes such as frequent flyer points.

Frustrated with the lack of government leadership in regulating dangerous carbon pollution, Maia Maia ERCS, launched the boya, a local currency issued on the basis of positive actions to prevent climate change. The launch took place on 30 January at a workshop on Empowered Fundraising in Fremantle, WA.

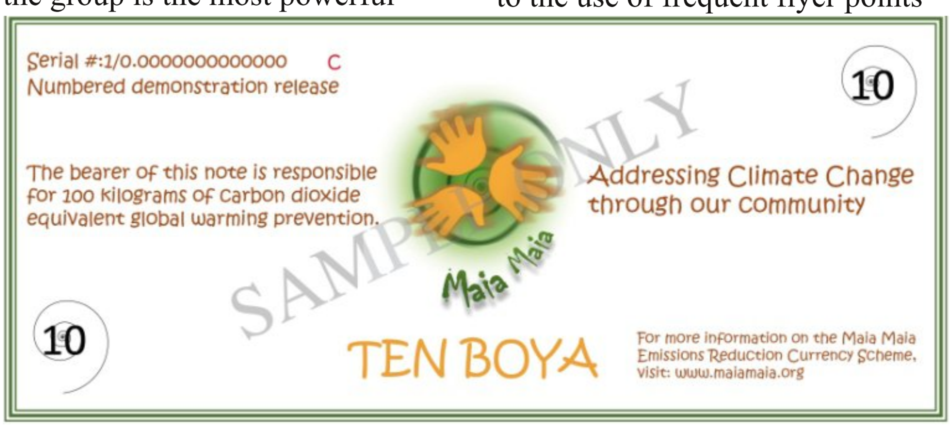
Boya are created as 'rewards' for group activities that result in the reduction in CO_2 pollution through reducing power bills, planting trees, installing solar panels or other activities. Once reductions are made, groups are able to apply to create their own boyas underwritten by their actions. Maia Maia ERCS uses global standards to calculate the amount of carbon taken out of the atmosphere as a result of that action for the currency issue.

Each boya note contains the logo of the group issuing it, the amount of carbon pollution reduced, the activity undertaken to reduce it and who sponsored them in helping to cover their costs. The first issue of the boya was by the Gaia Foundation of Western Australia and the International Permaculture Service (IPS) which is working with farmers in Ghana, Africa to develop sustainable agriculture methods and who planted the trees used to back their boya. The sponsor of the issue, whose logo also appears on the boya, was Edge 5, an environmental consultancy which helped set up IPS.

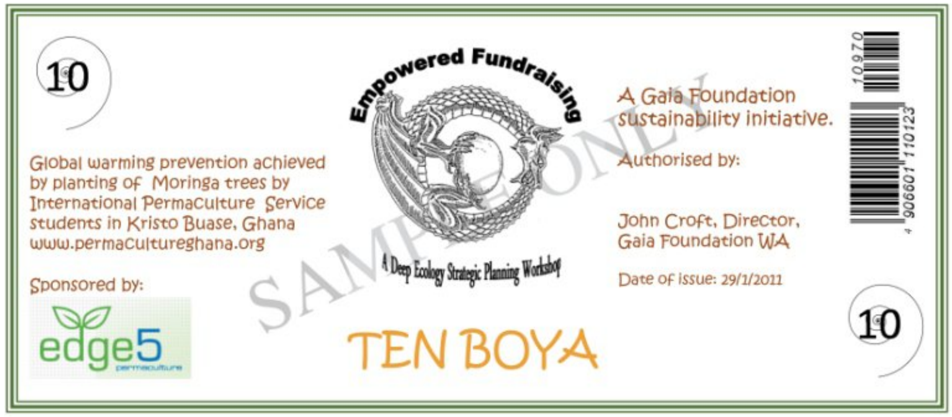
Sam Nelson, a co-founder of Maia Maia ERCS, believes the story of the group is the most powerful element of the boya. He explains, "As our stories continue to circulate with the boya they remind us that people are out there doing good things, something that is easy to overlook. I believe it is this sharing of stories that will have the most impact in changing our society, rather than any economic value we may put on carbon."

The boya is named after rock trading tokens used by local Nyungar people, which is one of the oldest systems of money on the planet. The name was suggested by local Elder Neville Collard.

There are currently four businesses signed up to accept the boya for various discount offers and a similar number of communities on the waiting list to issue their own boya. Some are offering a dollar discount per boya whereas some, like the Organic Collective, an organic fruit and veg retailer in Fremantle, is offering a 10% discount for 10 boya.
Trading the boya can be likened to the use of frequent flyer points



Each issue of notes commemorates an local emissions reduction project or other loyalty programs. A boya can be redeemed at participating businesses or traded among individuals but can then also be used by businesses to trade with other vendors. The boya is issued in the form of a note so that it can be carried around in people's wallets and handbags and shared. People and shops are putting their own value on the currency. What ever it is worth to them to do something about global warming - the group foresees that over time a general price will be arrived at. Through this trading the boya will enrich participating communities with a sense of pride



that it's members are playing their part in protecting our common future.
There are currently over 200 local currency systems in operation around Australia, but Maia Maia ERCS is the first such system to be based on emissions reductions. For more information or to register as a business or community visit www.maiamaia.org

John Rogers

The G Word

Some people tell me off for going on about the importance of Governance in getting community currencies to fly. They say a well-designed CC 'should run itself'. That's a nice theory, but I don't know any CC that has stood the test of time without some form of governance at work ie someone making decisions.

You can 'run' an organisation as a Dictatorship – one person tells everyone else what to do – or as a Free For All – everyone does their own thing. Let's assume neither of these extremes is desirable because we want to combine getting things done with valuing the contribution of each person to the success of the whole. Governance is about power and control, who gets a say in what, the stuff that makes humans fight each other. From the earliest stages of planning a CC through to a mature system, governance is necessary.

CCs can be run as businesses: in business barter networks all decision making is done by the private owners. They constantly seek feedback from their customers and adapt their systems to meet customers' needs and to stay in business.

CCs can be run as voluntary organisations: a range of models are used, from informal associations to legally established charities. Some have annually elected officers, others have permanent boards. Success comes from a creative mix of different forms of leadership – solo, shared, rotating – with debate, consensus processes and good information flows.
New forms of governance are appearing alongside the traditional models all the time: collaborative governance, open source governance, participatory or direct democracy, sociocracy etc. The essential thing is to be clear about your goals and flexible about the means to get there, which may involve blood, sweat and tears!
So, who's afraid of the G Word?

John Rogers offers training and consulting services to CCs through Value for People: www.valueforpeople.co.uk
He will be co-leading the second On The Money course for CC designers at the Findhorn Community in Scotland from 3rd-7th September, 2011: http://www.findhorncollege.org/programmes/onthemoney.php

Financial Terrorism: 15 years for Liberty Dollar founder

Bernard Von NotHaus has been vocal in challenging the monetary authorities by encouraging trade in collectable silver coins at much more than the metal value. But he didn't expect such a robust response. This article is from www.zerohedge.com

The FBI, which apparently has no major criminals to pursue, is now busting those who are preparing for the dollar's imminent destruction. Bernard von NotHaus, head of the National Organization for the Repeal of the Federal Reserve and Internal Revenue Code, commonly known as NORFED and also known as Liberty Services (his website can, or rather could, be seen here, which since 1998 has been issuing silver coins as a replacement for the relentlessly devaluating US currency, was convicted today by a federal jury of making, possessing, and selling his own coins. " Following an eight-day trial and less than two hours of deliberation, von NotHaus, the founder and monetary architect of a currency known as the Liberty Dollar, was found guilty by a jury in Statesville, North Carolina, of making coins resembling and similar to United States coins; of issuing, passing, selling, and possessing Liberty Dollar coins; of issuing and passing Liberty Dollar coins intended for use as current money and of conspiracy against the United States." . The devious scheme for which von NotHaus faces up to 15 years jail time: "NORFED's purpose was to mix Liberty Dollars into the current money of the United States. NORFED intended for the Liberty Dollar to be used as current money in order to limit reliance on, and to compete with, United States currency." In other words make the US currency less credible. We are confident the Chairsatan will take this shining example of what happens to "counterfeiters" of US currency to heart, and promply proceed to release another cool trillion in green 75% cotton/25% linen products, forcing US jails to promptly fill up with millions of subversive elements who no longer wish to interact with the former reserve currency. From the FBI:

> Defendant Convicted of Minting His Own Currency
>
> STATESVILLE, NC—Bernard von NotHaus, 67, was convicted today by a federal jury of making, possessing, and selling his own coins, announced Anne M. Tompkins, U.S. Attorney for the Western District of North Carolina. Following an eight-day trial and less than two hours of deliberation, von NotHaus, the founder and monetary architect of a currency known as the Liberty Dollar, was found guilty by a jury in Statesville, North Carolina, of making coins resembling and similar to United States coins; of issuing, passing, selling, and possessing Liberty Dollar coins; of issuing and passing Liberty Dollar coins intended for use as current money; and of conspiracy against the United States. The guilty verdict concluded an investigation which began in 2005 and involved the minting of Liberty Dollar coins with a current value of approximately $7 million. Joining the U.S. Attorney Anne M. Tompkins in making today's announcement are Edward J. Montooth, Acting Special Agent in Charge of the FBI, Charlotte Division; Russell F. Nelson, Special Agent in Charge of the United States Secret Service, Charlotte Division; and Sheriff Van Duncan of the Buncombe County Sheriff's Office.

According to the evidence introduced during the trial, von NotHaus was the founder of an organization called the National Organization for the Repeal of the Federal Reserve and Internal Revenue Code, commonly known as NORFED and also known as Liberty Services. Von NotHaus was the president of NORFED and the executive director of Liberty Dollar Services, Inc. until on or about September 30, 2008.

Von NotHaus designed the Liberty Dollar currency in 1998 and the Liberty coins were marked with the dollar sign ($); the words dollar, USA, Liberty, Trust in God (instead of In God We Trust); and other features associated with legitimate U.S. coinage. Since 1998, NORFED has been issuing, disseminating, and placing into circulation the Liberty Dollar in all its forms throughout the United States and Puerto Rico. NORFED's purpose was to mix Liberty Dollars into the current money of the United States. NORFED intended for the Liberty Dollar to be used as current money in order to limit reliance on, and to compete with, United States currency.

In coordination with the Department of Justice, on September 14, 2006, the United States Mint issued a press release and warning to American citizens that the Liberty Dollar was “not legal tender.” The U.S. Mint press release and public service announcement stated that the Department of Justice had determined that the use of Liberty Dollars as circulating money was a federal crime.

> “Attempts to undermine the legitimate currency of this country are simply a unique form of domestic terrorism"

Along with the power to coin money, Congress has the concurrent power to restrain the circulation of money which is not issued under its own authority in order to protect and preserve the constitutional currency for the benefit of all citizens of the nation. It is a violation of federal law for individuals, such as von NotHaus, or organizations, such as NORFED, to create private coin or currency systems to compete with the official coinage and currency of the United States.

Von NotHaus, who remains free on bond, faces a sentence of up to 15 years’ imprisonment on count two of the indictment and a fine of not more than $250,000. Von NotHaus faces a prison sentence of five years and fines of $250,000 on both counts one and three. In addition, the United States is seeking the forfeiture of approximately 16,000 pounds of Liberty Dollar coins and precious metals, currently valued at nearly $7 million. The forfeiture trial, which began today before United States District Court Judge Richard Voorhees, will resume on April 4, 2011 in the federal courthouse in Statesville. Judge Voorhees has not yet set a date for the sentencing of von NotHaus.

“Attempts to undermine the legitimate currency of this country are simply a unique form of domestic terrorism,” U.S. Attorney Tompkins said in announcing the verdict. “While these forms of anti-government activities do not involve violence, they are every bit as insidious and represent a clear and present danger to the economic stability of this country,” she added. “We are determined to meet these threats through infiltration, disruption, and dismantling of organizations which seek to challenge the legitimacy of our democratic form of government.”

From Brandon Smith, alt-market.com

If the IRS or anyone else wants to “infiltrate” barter markets or gold and silver organizations and attempt to record every chicken egg or gallon of milk traded, then I welcome them to try. Please, expend all your precious energies in a futile attempt to chill barter economies or sound money movements. We would like nothing better. Why? Because you cannot stop barter networks from forming. They are inevitable. Every culture in history which has seen a severe economic implosion has reverted to barter, trade, gold, and silver to counter the resulting poverty and lack of mainstream commerce. The need for survival will far outweigh the populace’s fear of government reprisal. That is simply the nature of man. The only difference in respect to the Liberty Movement is that we are working to preempt collapse with supporting networks of commodity trade and community barter. We are not working to “undermine” the current economy, we are simply preparing for its eventual fall, and allowing for the safety of cities and states across the country. Why is this considered devious behavior? Why would the government react with such vitriol, not towards Liberty Dollar, but to the very concept of alternative currencies and economies? Because it is something they cannot control…

Is it time for Time Banking?

Sometimes introducing accounting to a functioning voluntary sphere can actually be counter productive. If the UK government is to support time banking, it must be sensitive when paying professionals to work alongside volunteers, says Alex Fox on alexfoxbog.wordpress.com

Last week I was involved in some Cabinet Office-sponsored discussions about a time banking project being introduced to a local authority area. The idea is to introduce a system to incentivise people to provide low level, good neighbour type support. It would involve helping people to connect with each other and then turning people's support into credits, which they could use to access council services or leisure activities. In the example that was worked through in the proposal, a young person ('Jonny') helps out an older woman with her shopping. The lady has paper credits to give him in return and there is a rating system which lets people know how highly Jonny is regarded by the people he helps. in this case).

This is all very Big Society. Incentivising larger numbers of people to help out older and isolated people at low cost is a very attractive idea in a time of stiff budget cuts.

Timebanking is an elegant idea that should be everywhere, but somehow isn't. Why?

One challenge for timebanking and the use of complementary currencies is the paradox that, by valuing something that someone does for mainly altruistic reasons, you risk devaluing it. When we help someone out, we want to feel good about having done so. Money is a very poor substitute for this feeling and can actively undermine it. In the '70s, Carer's Allowance was introduced as a benefit for unpaid family carers. It has only ever been a small compensate them for all the hardship that an intensive long-term caring role can bring, but specifically to provide recognition and a sense of being valued. Surveys of unpaid family carers consistently show that the low value of Carer's Allowance is one of the aspects of caring that makes people most angry. Carers translate the £50 odd quid a week into an hourly rate and feel massively undervalued. Many carers argue that we should increase the allowance until it represents a decent hourly rate. This will never happen: the cost would be up to £80bn a year. But if it did happen, what would it do takes his credits to his local youth and they are exchanged for something with value (bowling amount: its purpose was not to replace carers' lost income or to relationships with our family and friends? And would carers, who often sacrifice much more than money to a caring role, feel properly valued because of it?

In fact, when the amount you get paid for helping someone increases, you might feel better about your finances, but less like you've been recognised as doing good. GPs, who do a demanding and essential job which helps others, appear in surveys to feel more and more unhappy and undervalued, despite being paid increasingly vast amounts.

So to my mind, the risk with the time banking proposal I was reading, was that Jonny was essentially going to get paid for his help, but via a complicated route with a high transaction cost. The risk being that Jonny can think of easier ways to earn enough to go bowling and that the transaction will feel to him similar to being paid, just not being paid very much. Whilst the local bowling alley might be persuaded to give the council a discount for bulk-buying bowling sessions, that discount is unlikely to be more than the cost of setting up the systems needed to match Jonny with the elderly lady, supply her with credits to give to Jonny, negotiate the offers behind the credits and turn Jonny's credits back, essentially, into cash.

A council with money in their budgets to be able to fund something like this, might just be better off paying Jonny and cutting out the transaction costs.

The people I have talked to are from relatively affluent areas of London with high concentrations of like-minded people with interesting things to offer. Bike maintenance has been traded for language tuition and so on.

To make time banking universal, and useful for people who need help but can't mend your bike in return, credits which are put into the system need to be worth more than money, but cost less than money to produce. This means they have to offer rewards on which you cannot put a cash value or that are not easily available through another route. Rewards that enhance the feel-good feeling rather than undermine it. This could be about people's help being celebrated at invite-only events, or people getting more of a say in relevant local decisions (which would be controversial with those who pay taxes but have little free time), or about boosting someone's CV. Discounts of the kind offered by store loyalty cards could help, providing the businesses in question can be persuaded to participate for the publicity, rather than at a commercial rate. That kind of deal would require a nationally recognised complementary currency of course, something which this avowedly hyper-localist government may be reluctant to do.

It is possible to combine paid and unpaid elements of care: Shared Lives is a good example of this working. Shared Lives carers are paid. They don't get very much and in some cases can feel exploited, but I've never met a more motivated group of people. They never clock off and give far more support and care than a professional contracted by the hour could. One Shared Lives carer told me she thought the money wasn't enough but wouldn't want it increased, because that was what, in her view, had 'ruined' foster caring: people started getting into it just for the money, she felt. Lots of Shared Lives carers feel that the respite they are provided with is not enough, but there are also lots who have to be cajoled into taking their full allowance.

Whenever you introduce an incentive into the care system (or any system) you almost inevitably also introduce a perverse incentive. Time banking and complementary currencies surely have a role to play in motivating some people to do more voluntary activity, but the test will be whether they can do so without demotivating others.

In a separate article, Nalini Sivathasan from the East London Times talked to some Time Bankers about the UK government's plans to build a 'Big Society'...

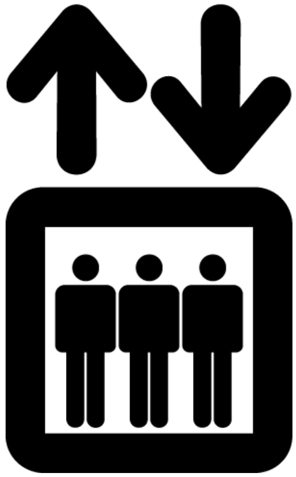
The ethos of time banking, with its focus on empowering local people and communities, resonates with David Cameron's mantra of the moment on the 'Big Society'. He wants to build a society that will: "Take power away from the politician and give it to the people." So are we going to see time banks popping up across London?
Not according to Gill Stoker, an Open University tutor in her mid-50s, who is setting up a Time Bank in Blackheath. "Time banks invented the big society. David Cameron latched onto the idea a bit late in the day."

The founder of the Lee Fair Share time bank, Andrea Hughes has no desire to be part of the plans to shake up British society.

"I have a very socialist outlook so I don't want my Time Bank to be subverted by the government's agenda. We're not going to fill the gaps that government cuts are causing and we are not in the business of propping up council services."

Time banks in the area are unclear as to how their function will change or evolve in the future, and none have received any extra funding to put into place the government's vision.

Charmaine Jacobs, broker of Rushey Green Time Bank said, "I've been to a few meetings about the government's plans but it's all very unclear what they plan



The "elevator-pitch" for community currencies by Eric Harris-Braun

CCs can be viewed, and promoted in many different ways. This post from 2007 is no less relevant today.

In theory I agree that an elevator pitch helps us focus on the "essence" of a thing, but my experience has been that there really is no single elevator pitch for cc. I now see this experience itself as a clue to the essence of community currency.

Free-market business people

When I'm talking with free-market business people my elevator pitch is about allowing the power of competition and the marketplace to work on the currency system itself.

Environmentalists

When I'm talking with environmentalists, my elevator pitch is about cc as a tool for solving the problem of the economic externalities of pollution and environmental degradation.

Social and political activists

When I'm talking with social and political activists my elevator pitch is about how the structure of money is fundamentally causal of the problems unequal distribution of wealth.

Mathematicians

When I'm talking with mathematicians my pitch is about how money is an axiom and current economics is the theorems that results from that axiom, but a different axiom (i.e. community currency) is possible that leads to whole new theorems, just like non-Euclidean geometry resulted from changing the parallel postulate.

Engineers/ Information-theorists

When I'm talking with engineers and information-theory folks my elevator pitch is about Ashby's Law of Requisite Variety and questions of the insufficient information carrying capacity of the monetary system to handle the control problems posed by the modern economy.

Computer geeks

When I'm talking with computer geeks my elevator pitch is about cc as a peer-to-peer distributed information system and about "pushing the intelligence to the edges" as in Reed's Law.

Peace activists

When I'm talking with peace activists my elevator pitch is about how the structure of money is what allows governments to finance wars (it's not the taxes which just pay for them after the fact).

Spiritual people

When I'm talking with people focused on spirituality, my elevator pitch is about how cc can be a tool for changing the economy itself into a means for increasing mindfulness, self-consciousness and community interrelatedness.

Concerned citizens

When I'm talking with the plain old "concerned-citizen," my elevator pitch is about their experience of degraded community and how money that leaves the community is central to the problem and how money that "goes-round" is the solution to that problem.

People interested in trust

When I'm talking with people who are interested in questions of trust my elevator pitch is about the value of moving from an economy of external trust to internal trust, and I used the analogy of the bicycle: Bicycles are more maneuverable and useful than tricycles because we move from trusting the tricycle not to fall over because of the stability of its three wheels, to trusting ourselves to not let the bike fall over because of the stability of our steering. Similarly this process of moving the locus of control from outside of communities to inside them can be applied to money. (This pitch works well with spiritual people too, and oddly, a variant of this pitch works great with engineers who understand how adding "instability" into a system is the paradoxically key ingredient to it's greater stability when the system is coupled with humans. It's one of the key things the Wright brothers figured out in designing airplanes.)

The experience of developing all these very different pitches has led me to a new pitch (it's not an "ultimate elevator pitch", it's just the one I use with people who already know something about cc) namely, that essence of community currencies is meta-currency. That modern money was one step in the evolution of the more general human process of wealth-acknowledgment, and that the next step in wealth-acknowledgment is the building of a meta-currency platform that allows us to create currencies at will, which will activate all forms of wealth, not just tradable wealth. Whereas money provided liquidity to value, a meta-currency platform will provide liquidity to currency itself. Within this framework, all

"When I'm talking with the plain old "concerned-citizen," my elevator pitch is about their experience of degraded community and how money that leaves the community is central to the problem and how money that "goes-round" is the solution to that problem."

Analyses of the financial crisis present us with a false dichotomy, argues Thomas Greco. We need to look deeper into the systemic issues inherent to the design of money.

The world's ominous reckoning

In a recent Washington Post article titled "Europe's ominous reckoning", economist Robert Samuelson correctly argued that "Ireland's economic crisis is ... not about Ireland." What he seems to not recognize is that "Europe's ominous reckoning" is not about Europe.

The reckoning will be global because the money and banking regime is global -- and deeply flawed.

Discussions about possible solutions to the debt crisis tend to degenerate into ideological bickering because ideologies provide an inadequate framework in which to understand the nature of the problem and discover real effective solutions. Fiscal conservatives want to cut social spending so as to avoid raising taxes on the rich. Political liberals have largely caved in to the same interests because they think that supporting the privileged class's agenda is their only hope of gaining power. Progressives argue that budgets can be balanced by cutting the military budget and raising taxes on the rich, but they remain impotent because political power has been so thoroughly centralized. Under the present money and banking regime, a balanced government budget is not possible. How can the debate move beyond ideologies, and common ground be found?

Samuelson, like almost all conventionally trained economists, blames the woes of Ireland, and every other country, on failures in policy. He says, "Most European economies suffer from the ill effects of some combination of easy money, unsustainable social spending and big budget deficits," but he fails to address the deeper questions of why? Why has money been easy?

The reckoning will be global because the money and banking regime is global – and deeply flawed.

Why is social spending unsustainable? Why have budget deficits been too big?

It is not only a problem of European economies, it is a problem for virtually all national economies. As Samuelson points out, even the most prosperous countries have accumulated enormous debts. The governments of Germany and France, for example, have, respectively, gross debts of 76 percent and 86 percent of GDP (GDP is a measure of total economic output). The debt of the United States government is projected to exceed 100% of GDP within the next couple of years. And this picture does not even include the debts of lower levels of government -- states, counties, and municipalities -- or all of the private sector debt that burdens companies and individuals.

If the world has become so prosperous and productive, why all this debt, and why does it continue to grow ever more rapidly?

The fact is, there is a debt imperative that is built into the global system of money and banking, and debt is eating us alive. As I wrote in my first book more than 20 years ago, our money system, based as it is on banks' lending money into circulation at compound interest, requires debt to grow with the passage of time. Virtually all of the money today is created when banks make "loans." The compounding of interest on these loans means that debt must grow as time goes on, no

t slowly, but at an accelerating rate. Ever greater amounts of money must be borrowed into circulation for this system to continue. When the private sector debt can no longer be expanded, government assumes the role of "borrower of last resort." That is why government budget deficits have become chronic and continue to grow. In the latest cycle of Bubble and Bust, governments are rescuing the banks by taking "toxic" debt off their hands and giving them government bonds in return. In this way, the system can be sustained a little bit longer, but at costs that have yet to be tallied.

The current global predicament is the late-stage symptom of this fundamental flaw. We have allowed the banks to control our credit and we pay them interest for the "privilege" of accessing some of it as bank "loans."

What must be done? The answer is simple, but few have been willing to hear it: interest must be eliminated from the money system to put an end to the growth imperative. To modern economists, such a proposition is heresy, foolish even, unthinkable! Interest to them is an essential inducement to save and invest and a necessary means of regulating credit and the economy. Nonsense, I say, a gross error and delusion fostered by incessant propaganda, media hype, and financial mumbo-jumbo. In an economy that is free from inflation, preservation of one's capital is sufficient motivation for saving, and return on productive investments can be had in the form of ownership shares (so called equity investment) instead of interest on debt. Such equity investments share both the rewards and the risks inherent in a productive enterprise, making the relationship between the user of funds and the provider of funds more harmonious and fair. As for regulating credit, we don't need interest to do that; we can merely decide to withhold or offer credit, to whom, for what purpose, and in what amounts.

We need to learn to play a different game. We need to organize an entirely new structure of money, banking, and finance, one that is interest-free, decentralized, and controlled, not by banks or central governments, but by businesses and individuals that associate and organize themselves into cashless trading networks. This is a way to reclaim "the credit commons" from monopoly control and create healthy community economies.

In brief, any group of traders can organize to allocate their own collective credit amongst themselves, interest-free. This is merely an extension of the common business practice of selling on open account -- "I'll ship you the goods now and you can pay me later," except it is organized, not on a bilateral basis, but within a community of many buyers and sellers.

This approach is no pie-in-the-sky pipedream, it is proven and well established. Known as mutual credit clearing, it is a process that is used by scores of commercial "barter" companies around the world to provide cashless trading for their business members. In this process, the things you sell pay for the things you buy without using money as an intermediate exchange medium. It's as simple as that.

Perhaps the best example of a credit clearing exchange that has been successful over a long period of time is the WIR Economic Circle Cooperative. Founded in Switzerland as a self-help organization in 1934 in the midst of the Great Depression, WIR provided a means for its business members to trade with one another despite the shortage of official money in circulation. Over three quarters of a century, in good time and bad, WIR has continued to thrive. Its more than 60,000 members throughout Switzerland trade about $2 billion worth of goods and services annually.

Yes, it is possible to transcend the dysfunctional money and banking system and to take back our power from bankers and politicians who use it to abuse and exploit us. We do it, not by petitioning politicians who are already bought and paid for, but by using the power that is already ours to use the resources we have to support each other's productivity and to give credit where credit is due.

Read Greco's book "The End of Money and the Future of Civilization"

Stephen de Meulenaere

Following on from the interview last issue with Bernard Lieter, we take a big picture look at challenges and opportunities in the complementary currency movement

1. What are the questions you would most want to explore with fellow movers and shakers in the complementary currency movement?

My main focus is the Complementary Currency Resource Center and the Complementary Currency Research Group for academics, researchers and others interested in learning more about the theory and practice of CC systems. What can academics do to work together more effectively so that the knowledge and experience we gain can be put use practically? There must be a direct practical output to what academics do, it needs to be applicable in the real world. Academics have a very important role to play in providing the theoretical foundations for the practice, and in this way we can gain support from media, government, and those who help bring about the change to a new economy.

The Complementary Currency Resource Center, www.complementarycurrency.org, which started as a document repository in 1995 is under the Creative Commons Licence ver.2. The database design is very detailed, robust and has a complete set of reporting tools. There are a number of other resources, such as the ccLibrary and ccGallery, as well as resources for people who want to start CC systems.

2. What recent developments in the field do you find most exciting?

For personal and financial reasons I've been away from the cutting edge of the movement for the last few years but now I'm interested to return. I've been following it for the last 20+ years and what interests me most is in the software development. It was around 1993 when I switched my LETS in Victoria from paper to MultiLETS software. Over the years I've connected with a number of programmers of various transaction systems. For one reason or another, sometimes financial, political and technological, most of those projects have discontinued, and there was very little advancement over the 90s. Then things started to change with the development of robust commercial class, user friendly software, both for transaction systems but other databases and aggregators, and social networks and collaboration tools. More recently Cyclos, CES and others, along with Drupal have raised the bar on the ability to start scaling these systems.

> "All the different strands of the movement, like the grass roots efforts, academics, and entrepreneurs aren't communicating effectively enough. This is reducing the opportunities for productive synergies to appear"

3. And what do you see as key challenges, obstacles or blind spots which hinder the movement's success?

There is excessive criticism between proponents of various systems. Some people believe that there is only room for one system in the same place. I don't think that's a valid argument, clearly experience has shown that several different types of systems can function in the same locality. There's a willingness, but often an inability to collaborate.

Secondly, all the different strands of the movement, like the grass roots efforts, academics, and entrepreneurs aren't communicating effectively enough. This is reducing the opportunities for productive synergies to appear.

And there are some organizations who see the potential of the idea, but instead of working for social and monetary justice, they skim off the language for their own benefit. They want to be seen as new, innovative, green, and they aspire to own the next money system, a private system just like the one they came from.

The other obstacle is financing. We have much more work to do to find connections with those people who have the potential to finance these systems.

4. Where do you see untapped resources and unmet needs within the field of complementary currencies? And do you have any suggestions about how to bridge them?

I think a lot more could be done to explore closer relations with regional and local governments, and the kind of financial institutions that we want to work with such as cooperatives banks, credit unions etc. I don't know how to bridge them, but I do feel that the responsibility is ours to seek to engage with them, and not the other way around.

5. Besides financial support, what would help the acceleration of the monetary shifts that are needed?

> "all the different roles have to be filled, academics, innovators, practitioners and promoters, financiers, and broadcasters"

On the positive side, government support. On the negative side, another monetary crisis. I see it as negative because I don't think we're ready to be able to take the place of a collapsed economy. We have much more to do, but I can see that we are getting to that point.

6. What could bring about a tipping point in the shift from a monopoly of bank debt money toward a monetary ecology? And is the idea of a "tipping point" the best way of thinking about that change?

According to Malcolm Gladwell, the author of 'Tipping Point', effective interaction between different actors in the CC movement would help to bring us to a 'tipping point'. He would stress that all the different roles have to be filled, academics, innovators, practitioners and promoters, financiers, and broadcasters.

7. There are those who feel we need to organize ourselves more efficiently (the way the Right has done in the United States), and those who suggest that there is strength in our natural diveristy or that networked systems organise themselves. Where do you stand on this question?

I stand with the latter. We need to trust the diversity, as long as it is healthy. That means we need to be less critical, less suspicious of each other, and less mutually exclusive. A sustainable effort balances efficiency with resilience.

8. A lot of valuable community-building initiatives in this movement are done by dedicated people, as a labor of love, but would often highly benefit from actual financial support. if you were given $10,000 to $50,000 to invest in strengthening the currency movement, how would you invest these funds?

I would invest in a CC proposal competition, something like the Changemakers.net or World Bank Development Marketplace for the CC World. This would be open to designs, projects, software, etc.

Actionables:

1 explore closer relations with regional and local governments

2. improve interaction between different actors in the movement

3. Trust in diversity, as long as it is healthy

Exploring theSuperFluid

Gregory Rader puzzles over theSuperfluid, and with a little help from founder Nathan Solomon, understands how 'sloppy' currencies perform a different function to everyday currencies.

The SuperFluid is a collaboration platform waiting for its users to figure out how to use it. The primary differentiator it offers is a unique alternative currency called Quid. Each user starts off with 200 Quid which they can then spend on services offered by other SuperFluid users. In order to earn additional Quid users must list their own services and thereby deliver value to members of the community.

Quid are transacted just like dollars or any other traditional currency, but are created through a unique mechanism. Traditional fiat currencies are created through the issuance of debt – when a bank loans someone money the borrower then has money in the amount of the loan and the bank has an IOU that did not exist previously. That IOU, when added to a banks reserves, essentially creates new money. Therefore in a fiat currency system the total money supply is a function of debt issuance; when borrowing activity increases the money supply expands. Quid by contrast are created when new users join the platform such that a strict ratio is maintained between the number of users and the supply of Quid. On the SuperFluid blog CTO Branimir Vasilic writes:

Photo courtesy of Mathew Bowden
www.digitallyrefreshing.com

"As the number of members grows so does the amount of Quids. Even though the amount of currency grows, this process in not inflationary since the amount of Quids per member stays the same (the “temperature” of the currency, stays the same, see [1]). Simply put, having another member with the same initial balance as every other member does not make them have more purchasing power than anyone else. There is no reason for other members to adjust prices simply because another member has joined and can purchase their offerings."

While this constant relationship between number of users and supply of Quid keeps value stable, the usefulness of Quid varies relative to liquidity. When users offer and exchange services more readily then the viability of Quid as a means of procuring value increases. This is where the challenge lies. Most users I suspect are not quite sure how to use Quid and will learn gradually through experimentation to distinguish those services best acquired via Quid from those more readily purchased using traditional currency. The SuperFluid team clearly understands this challenge; CEO Nathan Solomon wrote through email:

"We want it to be freestanding, and “sloppy;” meaning that the collaborative and community motivation is more important than the precise value of the currency transacted.

I know this may come off sounding a bit odd, but if there were any existing system to which I’d compare superfluid, it would be the currency system within World of Warcraft. Inside of WoW, collaboration is core to success in the community, and the gold, earned through play and collaboration, is a fairly sloppy, highly liquid measure of ability to transact and share, not really wealth. -The guild system too, is significant and similar to our “community” system. World of

Warcraft success is tied indirectly but appropriately to social status, and the game maintains a fairly significant potlatch element, that mirrors elements of our intended social environment."

In other words, the goal is to facilitate value exchange rather than financial accumulation. This goal is reflected in the design of the platform. For example,

"Sloppy" means that the collaborative and community motivation is more important than the precise value of the currency transacted."

borrowing is limited to 600 Quid which forces users to continue to offer their own value rather than simply consuming. In fact, Nathan tried to discourage the idea that the superfluid is primarily a currency platform and instead positioned it as a collaboration platform:

"…as we've begun to be more successful with superfluid, we see that people value and focus on collaboration and community in superfluid much more than on the currency. Our currency is intended to maintain a basic level of fairness, but people don't seem very focused on the exact Quid-value of offerings in the system. In fact, talking about currency a lot seems to make folks a tad nauseous. The more we minimize discussion of Quids and maximize discussion of collaboration using them, the happier our audience seems to be."

I procrastinated on this post for a long time because I couldn't figure out how to approach it. Recently, while browsing the various listings a light bulb went on and I realized that the SuperFluid provides an opportune platform for professional experimentation and apprenticeship.

Many of the listings on the peer to peer platform have an experimental feel to them…and this makes perfect sense. The SuperFluid provides an ideal middle ground where users developing a new skill can market their services and gain compensation in the form of Quid without creating quite the same expectation of professionalism as a traditional monetary contract would imply. Likewise, users who need help with a specific project but who do not require expensive professional services can acquire these services using Quid. This middle market provides exactly what the SuperFluid team intends – a venue where services can be exchanged liberally without undue emphasis on price.

It is less clear how these sorts of exchanges will integrate with traditional forms of collaboration. Collaborative projects are generally thought of as being mutually owned by the collaborators. This ownership might be strictly defined as is the case when start-ups allocate equity shares, or it might be informal and implied. In either case collaborators earn returns by increasing the value of the project. Introducing payments from one collaborator to another would seem to negate the recipients role as a collaborator, instead shifting his role to that of service provider.

I wonder if the collaboration platform might function more intuitively if Quid could be contributed to collaborative projects or communities themselves. Users who wish to become "stakeholders" in a given community could invest a given quantity of Quid and these investments would essentially capitalize the project. The stakeholders in that project would then have pooled funds that could be used to acquire services from other SuperFluid users.

I am excited to see how the SuperFluid platform and community evolves. Given the unique characteristics of Quid, users will likely create innovative usage cases that cannot be anticipated ahead of time. I would encourage readers of this post to start experimenting. Create a listing for some skill you have been casually pursuing and see if anyone takes up on it!

Ripple

Ripple is a decentralised payment system which finds 'trust' pathways between people in order to clear debts with minimum use of money.

Ryan Fugger, Ripple

What's the basic idea? Who is it for and what problem does it solve?

The basic idea comes from trying to scale a LETS beyond a small group of people who all trust each other. A community currency is more useful if more people participate, but as you start to introduce relative strangers into a LETS community, you have to start worrying about free riders who take from the community and then leave, never to give back. This is a difficult problem to solve while still maintaining the open, egalitarian nature that makes a LETS so attractive.

My idea was to require that new LETS members be sponsored by one or more existing members, so that if the new member defaults on their obligations, they would become the sponsors' responsibility. Those new members could, in turn, sponsor other new members, and so on, so the community would grow into one giant web of trust.

You could keep track of all these sponsors-of-sponsors-of-sponsors, and have formulas about how to spread the blame when someone defaults (whatever that means), but I realized that it would be much simpler to set up a new mutual credit account for between the new member and each sponsor. This way, sponsors act as proxies for new members, who are be obligated to their sponsors directly for their participation in the central system on a transaction-by-transaction basis.

What I realized was that with this arrangement, you don't even need a central LETS anymore -- each participant essentially operates their own LETS, issuing their own personal currency, and "sponsoring" people they trust into their circle. The system is no longer responsible for granting credit to members and maintaining the value of a central currency; members grant credit directly to each other, and are accountable for their own individual decisions. All the system does is route transactions through the resulting network, converting obligations held by the payer into obligations acceptable to the payee, through a chain of intermediaries. I decided to call this system Ripple.

"What I realized was that with this arrangement, you don't even need a central LETS anymore -- each participant essentially operates their own LETS, issuing their own personal currency, and "sponsoring" people they trust into their circle."

So, for example, if Alice wants to pay David, and David trusts Carol,who trusts Bob, who trusts Alice, then Alice can make an IOU out to Bob, who passes his IOU forward to Carol, who in turn sends her IOU to David. In the end, Alice owes the value of the purchase to Bob, and David is owed the value of the purchase to by Carol.

How proven is the idea? What precedents are there?

It turns out this is not a new idea at all. This is exactly how banking works. When you send a payment through the national banking system, it travels from your bank account, through your bank's account at the central bank, to the payee's bank's central bank account, and on to the payee's account at their bank.

"It turns out this is not a new idea at all. This is exactly how banking works. When you send a payment through the national banking system, it travels from your bank account, through your bank's account at the central bank, to the payee's bank's central bank account, and on to the payee's account at their bank."

The problems with banking seem to arise because the system has a single central authority controlling the issuance of credit. Ripple has no such central authority.

What is the basic software architecture?

The goal is to develop a protocol and server software to manage the Ripple web of financial trust across many independent servers, then to build a marketplace as a service on top of that, so users can trade amongst themselves.

What is the adoption strategy? Who are the first adopters?

Likely first adopters will be fans of alternative monetary systems, like Bitcoin users.

Do you have anything we can play with or join right now?

A single-server Ripple system has been operating for several years at http://ripplepay.com.

Ryan Fugger accepts donations to support his work

https://ripplepay.com/donate/

And invites other enthusiasts to participate

http://ripple-project.org/Protocol

Lost: Perception dollars

Underfunding leads to 'Moral decline' in the CC movement as flyers go missing at conference.

April 1st - Last year I rebuilt Carol Brouillet's web site, and she paid me with an impressive wad, nay, a veritable stack of perception dollars. In the Lyon conference I left a couple of hundred on display, but never dreamed that at the end of the day they would be ALL GONE. Someone knows where they are and I am offering a reward for information leading to the return of those notes.
I would emphasise that these

notes are merely awareness raising flyers - they have a small commodity value, as souvenirs which adorn the fridges of cultural creatives accross the USA, but no face value! Stealing them was an act of depraved poverty and/or shameful ignorance. http://www.deceptiondollar.com/

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Building Local Resilience: The Emergence of the UK Transition Currencies

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Abstract

This paper examines the emergence of a new type of local currency – 'Transition Currencies' - in the United Kingdom over the past 4 years. The Transition Currency 'model', shared by the initial four schemes, is explained and the theoretical roots of the schemes reviewed. The paper goes on to examine the success and limitations of the currencies and reflects on potential future developments and how the Transition currencies might upscale and deliver additional social, economic and environmental objectives.

Introduction

One of the most interesting developments in the UK complementary currency movement over the past 4 years has been the emergence of local paper currency schemes in 'Transition towns'. Following Totnes in 2007, the towns of Lewes, Stroud and Brixton in South London have all successfully launched local 'pounds', the usage of which is restricted to independent businesses in their respective areas. Broadly speaking, the goal of the currencies is to help re-localise production and consumption and build economic 'resilience', a key tenet of the Transition movement. This paper sets the Transition currencies in context and reviews their progress so far. [1]

The Transition Network

The Transition Network is a global grassroots movement of communities seeking to create greater local resilience and well-being in the face of the twin threats of climate change and peak oil. Transition thinking draws inspiration from permaculture and ecology as the basis for reimagining how settlements and local economies might be able to adapt the shocks these two phenomenon will inevitably create without creating major social and economic dislocation. The notion of resilience is key to Transition thinking, defined as:

...the capacity of a system to absorb disturbance and reorganise while undergoing change, so as to still retain essentially the same function, structure, identity and feedbacks (Walker et al, 2004)

To create greater resilience, Transition argues for the re-localisation of many aspects of production and consumption, arguing that losses in narrowly defined efficiencies of scale are made up for in terms of reduced vulnerability to shocks because of greater diversity, just as in nature. Transition also involves collectively imagining a different low-carbon future for the area and the creation of an energy descent plan (EDAP).

The Transition movement is highly decentralised and non-hierarchical in structure and culture. Schemes are almost all not-for-profit and mainly dependent on volunteer

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labour. The emphasis is very much open active local participation and identity, positivity, innovation, creativity and collective action. There are currently around 270 active transition communities across the world, mainly in English-speaking countries.[2]

Transition Local Currencies

Local Complementary currencies have emerged as initiatives from Transition communities across England, normally from within transition groups' 'business' or 'economy' sub-groups. Three of the transition currencies are in towns in more rural areas - Totnes and Stroud in the South West of England and Lewes in the South East. The fourth, the Brixton Pound, is in inner-city London. All four of the schemes previously had active Local Exchange Trading Schemes (LETS) in the 1980s or 1990s and in some cases the same individuals who run the LETS schemes are involved. There are also a number of 'nascent' Transition currencies in the planning stages, including in Bristol, Canterbury and Camden. The schemes share the following broad goals:

- To enhance local economic resilience through encouraging more local production and consumption and limiting the 'leakage' of money from the local economy
- support and protect local independent businesses [3] which:
  - protects jobs and livelihoods and
  - maintains the diversity and identity of the local area
- Create stronger connections between local people and businesses, boosting social capital and cohesion.
- Stimulate thinking and discussion about how money works and how local economies function and could be made more sustainable
- Promote the area, creating pride for its citizens, a sense of independence and attracting tourists
- Encouraging a self-help model of exchange and mutual support
- Reduce carbon emissions through reducing the transportation of products form long distances.

"The emphasis is very much open active local participation and identity, positivity, innovation, creativity and collective action."

The hard currency model adopted by all four existing transition initiatives is broadly similar:

- Notes backed 1 to 1 against UK sterling, with a one- or two- year validity
- Notes in denominations of £1, £5, £10 (and in the case of Brixton £20 and Lewes £21) with multiple security features and featuring attractive and original designs reflecting local celebrities or places
- Currency can be accepted only by 'independent' (broadly defined) local businesses in (part-) payment for any goods or services
- Currency is 'sold' in to circulation via selected participating businesses (Stroud charges a 3% purchase fee which is donated to local charities) or given as change
- Currency can be exchanged back in to UK sterling at a 1 to 1 rate at selected exchange points (Stroud only allows registered traders to redeem notes and has a 5% redemption fee)
- Businesses are encouraged to offer discounts when customers use the currency to pay for goods, but attempts by Totnes and Lewes to introduce a compulsory discount were abandoned due to business dissatisfaction.
- Each scheme has a website and leaflet listing all participating businesses and information as to how the scheme works

The Stroud Pound has modelled itself more closely on the Chiemgauer complementary currency based in Germany (Gelleri, 2009). It has a 'demurrage' feature on the note requiring users to pay a 3% fee and have the note stamped every six months to maintain its value, the aim of which is to further increase the circulation of the note. The Chiemgauer was itself inspired by the writings of Silvio Gesell and the highly successful 'Worgl' currency that helped rebuild the town of the same name in Austria in the 1930s during the Great Depression (Gesell 1958).

Stroud also charges a 5% redemption fee and an annual membership fee for users and businesses who join the Stroud Pound cooperative, a percentage of which is donated to a local charity of the consumers' choice. None of the other three currencies operate fee based membership schemes. Both Brixton and Lewes have a more informal membership scheme with members receiving a monthly newsletter updating them on the latest news.

In terms of organisational structure, Lewes and Brixton currency groups have both opted for the Community Interest Company (CIC) limited by guarantee status. The CIC model is seen to provide some of the advantages of both charitable and limited company status as it allows organisations to qualify for charitable donations but also allows them to make a surplus as long as that surplus is invested solely in the community. The CIC model also provides Directors with limited liability. Totnes started the process of registering as an Industrial and Provident Society but ran in to issues with the Financial Services Authority. Stroud, again following the Chiemgauer, is a cooperative and members are charged an annual fee. None of the other three currencies operate fee based membership schemes.

Theoretical Roots

The intellectual inspiration for the Transition currencies can be found in the work of authors such as Bernard Lietaer and Richard Douthwaite, who wrote on the need for local currencies to support local economies in the face of globalisation (Douthwaite, 1996; Douthwaite, 2000; Lietaer, 2001). Rob Hopkins, one of the founders of the Totnes Pound, was inspired by a talk he heard by Bernard Lietaer as part of a short course on 'The Future of Money' held at Schumacher College in 2006 in Totnes, Devon where Lietaer specifically referenced the U.S. Berkshares local currency. The Berkshares currency, based in Berkshire in Massachusetts in the U.S. was founded in 2006 by the EF Schumacher Society, a think-tank promoting ecological economics.

The economic arguments for the Transition currencies are often justified by reference to the idea of the 'local multiplier'. This idea is based upon Richard Kahn's (and later Keynes') notion of the spending multiplier effect at the national level of the economy, whereby an increase in government spending, if translated in to higher levels of consumption by individuals, can have a proportionately greater effect on total output or aggregate demand (Keynes 1936; Hahn 1931). As the transition currencies cannot be 'banked', there is greater incentive to circulate them locally, enhancing local demand and creating a multiplier effect within a defined 'local' area.

Within the UK the concept of the 'local multiplier' has been developed by *nef* (the new economics foundation), the London-based 'think-and-do-tank' which has, through its research and publications, developed the argument that local economies as prone to 'leakage' through taxes, external contractors and the non-local supply chains and shareholders of national and international chain stores. (Ward and Lewis 2002). In contrast, small independent shops are more likely to employ local firms for these kind of services and spend any profits locally (Sacks 2002). *nef* conducted a study in 2002 which suggested only around 10-12 pence of every pound spent in supermarket chains remained within the local economy, whilst a more recent study of the West Michigan Economy in the U.S. concluded that if residents of the area were to redirect 10 percent of their total spending from chains to locally owned businesses, the result would be $140 million in new economic activity for the region, including 1,600 new jobs and $53 million in additional payroll (Sacks, 2002; Civic Economics, 2007).

Following this line of argument, the Transition currencies can be seen as promoting the 'medium of exchange' function of money at the expense of the 'store of value' function. The tension between the successful fulfilment of these two functions of money within a single unit of account (the third function) is widely seen amongst monetary theorists as one of the main causes of instability in the modern fiat-based monetary system (Dodd 1994; Douthwaite 1999).

Key Challenges [5]

The Transition currencies major success so far has been as awareness-raising tools. They have generated astonishing media coverage and captured the public imagination locally, nationally and internationally. No doubt the colourful and highly original note-design has played a major part in this. The Director of Brixton Town Centre, for example, said of the Brixton Pound that it had 'done more for Brixton's reputation than anything since the

Table 1: Background information on the Transition currencies (Jan 2010)

	Launch	£ In Circulation [4]	No. Businesses	Population
Totnes	March 2007	c.5000	c.70 (2008)	8,000
Lewes	September 2008 (first issue), July 2009, (2nd issue)	c.15,000 (2nd issuance)	c.130	16,000
Stroud	September 2009	4,329	37	20,000
Brixton	September 2009	30,000	140	65,000

lighting of Electric Avenue in 1900'. The London Borough of Lambeth, where Brixton is based, have estimated the value of the scheme in terms of positive media coverage to be around £100,000. There is little doubt of the impact the schemes have had in terms of creating a sense of community pride and discussion in the four areas. However, a number of challenges have emerged for the schemes and the existing, UK sterling-backed, model.

a) Incentives for consumers and businesses

Perhaps the greatest challenge for the Transition currencies is that the existing model is dependent, broadly speaking, upon non-economic incentives. As the currency exchanges at 1 to 1 with UK sterling and none of the schemes have been successful in implementing compulsory discounts, consumers main motivation for using the currency is a belief in the ethical principles of the initiative. This may restrict the use of the currency to the small proportion of the population who share the schemes' values. Even with this population group, there is the danger of the novelty value wearing off and the inconvenience of carrying two paper currencies (and of using a paper currency rather than electronic payment for larger purchases) outweighing this ethical motivation. Accessing the currency also involves two transactions in most cases – withdrawing UK sterling from a machine and then purchasing the local currency from an issuing point. Lack of knowledge about the location of issuing points is often quoted as a reason why users do not use the Transition currencies more often.

For businesses, the main economic incentive for accepting the currency is the free marketing which it is hoped will lead to an increase in footfall. However, if the main users of the currency are customers who already hold the values advocated by the scheme, businesses may feel the increased footfall effect is negligible. [6]

The cost to businesses of dealing with two currencies is also arguably greater than for consumers. Businesses cannot, at present, bank the local currencies, hence they must spend the currency on supplies, offer it as payment to staff, give it as change or use it personally if they are to keep it in circulation. Whilst this could be seen as advantage in terms of the goals of the scheme to encourage local circulation of money, some of the transition schemes have had experience of businesses leaving the scheme because they are unable to spend the currency and/or see changing it back to UK sterling as a) a cost and b) evidence that the scheme is not working adequately.

b) Social justice challenges

Related to the above, there are questions as to how the Transition currencies support people or businesses facing financial exclusion or economic hardship, an issue that has come to the surface significantly in the past two years with the recession. The hard currency model does not create any kind of additional liquidity since every note must be exchanged for UK sterling and so far the schemes have been unable to develop a loan mechanism. Nor does it enable any additional or alternative forms of exchange or exploit underutilized capacities within communities. This contrasts, for example, with currencies which have non-monetary backing, such as time-backed currency systems, which are able to involve people in exchanges who are currently excluded by the market.

The transition model does create a UK sterling backing or 'asset' equivalent in size to the amount sold and exploiting this in some way appears as one potential way of creating additional liquidity, e.g. through a low or zero interest loan scheme. However, any kind of loan scheme would require significant administrative and financial infrastructure and so far the Transition schemes have been unable to find willing partners, although both high street banks and credit unions have been involved in discussions about potential collaboration. This contrasts with the United States, where the Berkshares model has the support of 5 regional banks and 12 branches and the Chiemgauer in Germany which also has regional banking support.

'volunteer fatigue' remains a major challenge for the Transition currencies given the dependence on unpaid labour for much of the promotional and business engagement work

c) Financial sustainability

The Transition currencies, as with the other transition initiatives, were set up as not-for-profit schemes and have been dependent mainly on unpaid labour and one off donations. They have been successful in attracting small financial or in-kind investments from local councils and businesses to pay for events, set-up costs, marketing and printing of the notes. Both Lewes and Brixton were successful in raising sponsorship funds from local businesses in return for featuring their business logos prominently on their marketing materials. Brixton and Lewes have also recently been successful in attracting part-time funding for a project manager from, respectively, the Labour government's Future Jobs Fund (now dropped by the Coalition government) and from a Charitable Trust. One way in which money has been and will continue to be generated for the schemes is through 'leakage' - unredeemed notes upon the completion of the validity period.

Nevertheless, 'volunteer fatigue' remains a major challenge for the Transition currencies given the dependence on unpaid labour for much of the promotional and business engagement work. Stroud is the only initiative to have built in to its model a facility for generating funding – through membership and redemption fees – but at present this does not generate enough funding to pay for labour time.

d) Measurement and Evaluation

One major drawback in using paper notes is it that not possible to track how the currency is being used and how many notes are actually in circulation. The schemes have thus been reliant on simple balance of accounts figures on issuance and redemption and ad hoc and anecdotal feedback from businesses and consumers about actual usage. There is a suspicion that a considerable proportion of the notes sold are for novelty/souvenir purposes rather than purposes of normal exchange. Evidence for this comes from both a slow down in issuance after an initial 'honeymoon' period and the non-redemption percentage for Lewes following the 1-year pilot (admittedly featuring just £1 issuance) which was over 50%. In terms of attracting further public or charitable sector funding, evidence of impact will be important for the schemes.

e) Under-developed banking infrastructure and support

The Transition currencies in the UK have struggled to find support from either the mainstream commercial banking or community finance sectors. This places significant additional burden on the volunteers involved to carry out administration, reconciliation and accounting functions. It also limits the potential of developing local currency bank account facilities or loan initiatives, both of which might be welcomed by the small businesses signed up the schemes, many of whom struggle to access credit from commercial banks.

It may be that the UK's banking system, which has seen the gradual disappearance of local and regional banks and a reduction in branches following the financial deregulation of the 1980s and 1990s (Leyshon and Signoretta

2008) is poorly suited to supporting local currencies. The situation in the UK is in strong contrast the United States and many parts of Europe, where there remains a more vibrant local and regional banking infrastructure. The Berkshares local currency in the U.S. for example benefits from the involvement of thirteen branches of five local banks which carry out the bulk of administration and enable the 5% discount to be more easily executed. The Chiemgauer and other Regiogeld currencies also have had more success in attracting administrative support from banks.

f) Challenges of scale and demand

The economic impact of the Transition currencies, in terms of actual turnover in the businesses that use them and in terms of their local areas' overall economies, remains very small (see table 1). If the currencies are to achieve their aim of genuinely enhancing the economic resilience of their communities, they will need to find ways of increasing the volume of circulation. Options here could include moving beyond the local to the regional scale, to bring in more potential suppliers to become involved and persuading a large organisation such as a Local Authority or Primary Care Trust to accept the currency as payment. This would give businesses a simple way of moving the currency on. Bristol Transition are currently exploring the options for a regional currency scheme that would incorporate the city but also the rural areas around it, broadly defined in terms of the 'bio-region' (Transition Bristol 2010).

Looking to the future

Despite these challenges, there remains considerable optimism about the future of the Transition currencies and a number of areas apart from the four existing schemes are developing their own models. Key areas for further research and exploration to improve the effectiveness of the Transition currencies are as follows:

1. The creation of electronic payment and trading systems so that the currency is not limited to cash transactions. This would have a number of advantages including:
    - Much better information on how the currency is circulating amongst businesses and users and thus what interventions would be most useful in enhancing the scheme
    - Opportunities to include the financially excluded or those who cannot get access to a bank account, for example through using mobile phones to store credits [7]
2. An income to the currency management body built into the system to sustain and develop it. Again the introduction of electronic payments could make this considerably easier – merchants and customers are quite used to paying a 3% transaction fee for using credit cards for example.
3. The involvement of a financial infrastructure body of some kind to allow users and businesses to hold transition currency bank accounts and conduct much of the administration and reconciliation work involved in managing a currency scheme.
4. The involvement of savings and investment institutions providing local finance, possibly in part-payment through the currency, to sustainable businesses and financially excluded individuals. A particular question would be how the UK sterling backing reserves of the local currencies could be utilised to provide community finance for local businesses or financially excluded residents of the area.
5. The introduction of some form of Business-to-business mutual credit trading system or commercial barter system to incentivise businesses who are involved in the scheme to trade with each other and to give them additional, non-interest bearing credit lines. This should also incentivise more local sourcing of goods and services and increase regional economic resilience – studies suggest the Swiss WIR mutual credit scheme has counter-cyclical properties, for example (Stodder 2005).
6. The possibility of integrating social currencies – such as time banking or LETS – in to the hard currency models, tapping in to people's underutilized skills and abilities

nef (the new economics foundation) and the Transition Network have recently embarked on a project to conduct scoping research on how to enhance the transition currencies – Transition Currencies 2.0 - which will be examining a number of the above areas.

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Endnotes

[1] Further information about the emergence of the Transition Currencies can be found in Pete North's recent book, 'Local Money', published by the Transition network in June 2010.

[2] For more information on the history and aims of Transition, see: http://transitiontowns.org and Rob Hopkins book, The Transition Handbook: from oil dependency to local resilience, (Green Books 2008).

[3] According to the Federation of Small Businesses, 2000 local shops are closing each year – see Trade Local Manifesto, http://www.fsb.org.uk/default.aspx?id=0&loc=keeptradelocal. Despite this, small businesses account for the majority of private sector jobs in the UK: 59.2% in 2007, around 13.5 million jobs overall

[4] N.b. this figure is the amount of currency actually in circulation rather than the total amount of notes issued.

[5] It should be noted that accurate data on the impact of Transition Currencies is limited as there has been very few robust empirical studies of the schemes.

[6] A recent study of the Lewes Pound found that 70% of traders felt the scheme had made little difference to footfall. See Graugard, J, (2009) 'A mixed-method case study of the Lewes Pound and its capacity to build resilience in the community of Lewes', unpublished MA thesis, University of East Anglia.

7 The M-pesa scheme in Kenya allows financial payments using mobile phones and has helped revolutionize the farming trade. See http://www.safaricom.co.ke/index.php?id=745

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