

"Green Money and Community Empowerment: Local Currencies and Economic Governance"

Shira Destinie on Complementary Community economic institutions:

Warm up: --Please stand up, and contemplate this question: what did the American Revolution and Gandhi's Independence program have in common? (Hint: It's an example of Alternative Economics, and I am wearing it...)

Now, follow me back in time... to Seminole, Okalahoma.

The date is now March 9, 1933, and every bank in the country has been ordered closed for at least the next week. How will we eat? --*Enter Local Scrip Currencies, issued by local communities to complement the existing national currency where it is lacking...*

Local currencies are forms of money created by communities for local circulation in those communities. They return monetary decision-making to communities directly affected by money (while by contrast, monetary decisions are generally made outside the community), and retain more overall money in the local community. Local currencies are often referred to as **Green Money** for reasons related to both **Governance** and **Economic Benefit** of Money:

- When issued on the basis of local goods or services, they **increase** the amount of money available in local communities, further *empowering communities* to create sustainable local businesses and making more money available for loans, donations and local projects;
- They encourage *buying local*, thus **keeping** resources in local communities and reducing supply and distribution chain travel distances, thereby reducing carbon emissions;
- When issued on the basis of real goods or services, local currencies *incentivize long-term investment* in the local economy, rather than short-term investment in capital markets.

How do Green or Local Currencies provide (get, keep and grow) these benefits?

Governance of Money	Economic Benefit of Money
By increasing overall levels of available money, they provide more opportunities for community participation in economic decision-making and project development.	By increasing overall levels of available money, they provide more resources for donation, loans to the unemployed, the vulnerable, local businesses, etc.
By keeping more resources in local communities, they allow greater (practical) economic priority-setting participation by more members of those communities.	By keeping more resources in local communities, they stop the draining of local resources to distant areas (so the wealth is no longer accessible to the community).
By providing a stake in local institutions, local currencies provide incentives to ensure transparency and accountability in local community institutions.	By providing a stake in local institutions, local currencies provide incentives to invest in long-term local production and to upgrade local infrastructure.

Local Complementary Currencies in Abq, NM:

ABQ Hours (Based on Dr. Edgar Cahn's Time Banking model...)

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<http://community.timebanks.org/group.php?mode=curr&sid=f0f0291be3a33d7b7729da4e03f57948>

“This is Not United States Currency”



Oklahoma's Emergency Scrip Issues during the Banking Crisis of 1933

*By Loren Gatch**

<http://www.depressionscrip.com/loren/OKarticle.html>

A currency must fill one or more of the following basic monetary functions:
Unit of Account (UoA), Medium of Exchange (MoE) and Store of Value (SoV).

Any currency filling all three functions is known as General Purpose Money, while currencies which only fill one or two of those functions (as most local currencies do) are used as Special Purpose Currencies, separating the functions of money, particularly MoE and SoV, which Sir John Maynard Keynes, Irving Fisher, and Silvio Gessell agreed conflict with each other.

Separating those monetary functions encourages faster circulation for a MoE, and prevents the hoarding of money like the US Dollar which was such a problem in 1933.

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Currencies which circulate hand-to-hand, such as those below, tend to emphasize primarily the MoE function of money, allowing more flexibility in financial transactions.

Governance of Money (MoE)	Economic Benefit of Money (MoE)
Humbold Exchange Dollars, in Eureka, CA, adds new money to the local economy when businesses advertise in the HE Dollar newsletter and are issued their first HE Dollars.	Ithaca Hours, of Ithaca, NY, have for several years provided interest free loans to many local businesses, in Ithaca Hours. Repayment rates are very very high, as is satisfaction with the loans by local businesses.
HE Dollars are directly exchangeable for US Dollars, but encourage community members to attend HE Dollar committee meetings, allowing economic priority-setting participation by Eureka, CA residents.	Ithaca Hours stay in Ithaca, NY, keeping more resources in Ithaca, thus they stop the draining of local resources to distant areas (so the wealth is no longer accessible to the community).
Humbold Democracy Unlimited, the non-profit which sponsors HE Dollars, gives citizens a greater stake in Humbold County, CA institutions, and works to ensure transparency and accountability in all its projects.	Ithaca Hours also sponsors the Ithaca Health Alliance, which funds medical care for low income Ithaca, NY residents via Ithaca Hours, and is allied to other local community institutions.

Currencies which emphasize the storage of long term value may be less flexible in transactions involving goods, but ensure that value held locally will remain in the local community over a long period of time.

Governance of Money (SoV)	Economic Benefit of Money (SoV)
Each Time Bank adds new money to the local economy when a member decides to donate time to another member of the Time Bank.	Each hour donated to a Time Bank adds to the overall amount of money stored for the long term in a local community, adding new resources to that community.
Time Banks encourage community members to attend Time Bank meetings, allowing economic priority-setting participation by all members as part of the community.	Hours stay in the local community, keeping more resources in the community, thus they stop the draining of local resources to distant areas (so the wealth is no longer accessible to the community).
Storing value in the local community gives citizens a greater stake in local institutions, and works to ensure transparency and accountability in all its projects.	Since an hour never loses its value as an hour, storing their value as time in the local community encourages long term local economic growth.

Local currencies also tend to allow greater levels of inclusion to members of the local community in the decision-making processes of those currencies, while General Purpose Money, such as the US Dollar, tends to have far more closed (non-inclusive) and less transparent and less publicly accountable decision-making processes. This lack of inclusion

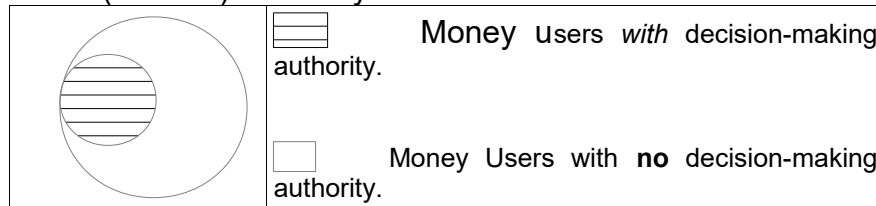
shuts out most of the direct stakeholders from governance, preventing most money users from having a voice in money, which so vitally affects all of our lives.

Interrelation of Monetary Governance Processes

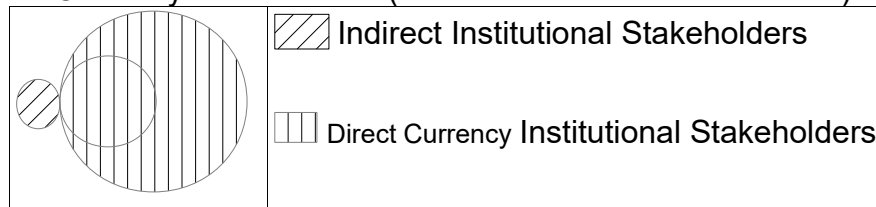
<p>Monetary Governance Processes:</p>	<p>External Governance Toleration by National Regulatory Frameworks for non-national currencies (by indirectly affected stakeholders)</p>	<p>Internal Governance Participatory Internal Decision-making (PID) (by directly affected stakeholders)</p>
		<p>Currency Scale as percentage of SPC Currency Users (no decision-making input) affected by the functions of money at various geographical ranges (by directly affected stakeholders)</p>

Venn Diagrams of Currency Stakeholders and Power over Money:

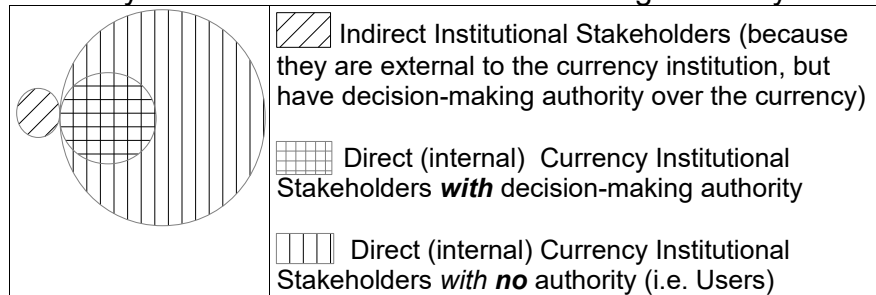
Direct (Internal) Currency Stakeholders: Decision-makers vs. Users



All Currency Stakeholders (Indirect vs. Direct Stakeholders)



Currency Stakeholders With Decision-making Authority vs. Without Authority



Community-based currencies expand the number of Direct Currency Stakeholders who can

exercise participatory decision-making power over money. Thus more people can *create, keep, and grow* their own resources, to the benefit of the entire community, by *building, using and investing in* local community institutions.