

# Stream Money, Markets and Value

## 1. Keynote

„*Commoneering, Money Markets and Value*“ - Jem Bendell, Professor of Sustainability Leadership at the University of Cumbria. The video of his talk is available [here](#).

Some voices from the audience:

### **Jem Bendell on „Commonifying Money“**

(Report by Neal Gorenflo, Shareable. → see more at

<http://www.shareable.net/blog/a-report-from-the-economics-and-the-commons-conference#sthash.RGLxWhHz.dpuf>)

„On day two, Jem Bendell, a professor of sustainability leadership at University of Cumbria, gave an engaging talk about the centrality of our current money system to the crises we face. This has been discussed thoroughly on Shareable, so is familiar ground for me. Jem, however, brought things nicely into focus explaining that 97% of money is created by private banks issuing loans off of reserves, and that because almost all money is created through instruments which require repayment of the principal plus interest, there's always more debt than money. Money as we know creates an economy of scarcity, competition, and the need to exploit more resources to pay back debt. Jem's conclusion was that an abundance-based, commons economy is not possible without new forms of money.“

### **Making Money**

(Extracted from a report by Denis Postle, psyCommons. Full report at:

<http://psycommons.wordpress.com/2013/06/03/making-money>)

A talk by Jem Bendell, Professor of Sustainability Leadership at the University of Cumbria gave what was for me an electrifying outline of the huge formative influence money has on lives and well being. (...) The following account is an appreciative review of what he had to say.

Jem defined a commons very technically (...): 'a commons is a system of relations between people and phenomena that has an emergent property of sustained sufficient access for all', and then moved on to talk about money. The current mainstream money system, he told us, represents an almost total enclosure of our ability to trust each other. Governments, central banks and private banks work together to generate the dominant means of exchange, the dominant way we relate to each other.

This banking system drives further enclosure and it works against a commons culture because of the way that credit is created. (...) The scale of the indebtedness feeds massive inequality and it also means the economy has to grow because loans will only be issued to service economic activity. This creates an intense growth imperative that drives the commodification of more and more of daily life and planetary resources, there is a pressing need to turn everything into a commodity that will yield a profit so as to service the interest on the debt.

Jem Bendell argued that this monetary system is anti-commons, it prevents the growth of a commons economy. It shapes the way we experience life, we think that wealth is scarce, that we must all compete for a share of it when actually, as he emphasised very strongly, the wealth is *us*. How to take this economic perspective into commons life, or daily, or

indeed any aspect of life was less clear but I did come to understand why there is so much attention given to alternative currencies that are attempting to get outside what he called the 'banktarian' or 'bankocracy' of money based on indebtedness.

But as Jem Bendel pointed out in his conclusion, (...) we are already over the critical threshold of 440ppm of carbon dioxide and half the Arctic ice has been melting each summer for a while now. (...) We need a new story. Urgently. And if it was the intention of the Commons conference to bring this home, it worked for me. (...) While I don't suppose it is news to see capital as a particularly archaic but virulent heritage religion, we need to step off critique and make up a new story that breaks capital's self-serving trance, one that serves mutuality and reciprocity rather than bankers and their cronies. Can the commons provide that story? I suspect the commons *is* the story.

## 2. Money Stream Break Out Session

### Subgroup 1 (#1/2/3): Demonetize?

#### Input by Stefan Meretz:

Demonetization – replacing transactions with social relations

The question of how we deal with and act within the given monetary environment is crucial for the commons movement, since the monetary logic and the commons logic are opposites. Although often stated money is *not* neutral or simply an informational means mediating transactions. Thus, replacing currencies basically does not change the underlying monetary logic. Changing only the tools accepts the workshop.

The core element of the monetary logic is equivalent exchange and a codified social power relation saying »you only get something if you give something back«. This underlying logic creates relationships of guilt, which David Graeber has convincingly analyzed for human history.

The demonetization approach aims at reducing the necessity of using money both within our own commons relations and with respect to the outside »normal« market logic. It aims at strengthening social relationships instead of improving transactions, as Silke Helfrich brought it to the point. While transactions always enforce direct reciprocities of giving being coupled with taking, commons is about commoning, is about freely determining the rules of interaction and distribution of the wealth we produce. It is a fallacy to assume that designing an own currency is commoning (or commoning), it only changes the tools, but the operations inscribed in the tools remain the same: performing transactions. Thus alienation is inherent in either conventional currencies as well as in alternative or complementary ones. If we want to gain self-determination we have to break with money, and if we want to break with money we have to break with exchange.

On the operational level demonetization means to carefully design our projects. As a general guideline projects should strive for decoupling the inner social process from the outside transactional logics. This means, for instance, not to sell commons products on the market in order to finance the project, because in this case the project has to follow the market requirements to successfully sell the products. Products become commodities, and commodities must subordinate to the market rules and demands. Adapting to market rules conflates which our own need driven activities. It may be a subtle process, but the more we are »successful« on the market the more we have to postpone our own needs and wishes. The alien logic creeps into our daily acting within the commons.

Designing carefully our projects could call for separating the inner from the outer logic as far as possible. Then results and products we create are distributed purely along with our own need based agreements. Finding our own rules based on our definitions of fairness might hurt transactional rules of equivalence, since equivalence has only to be guaranteed on the level of the whole project, not on the individual level within a single »transaction« (which is not longer a transaction then). How can this be organized? Assuming there is a requirement of a given amount of monetary flow into the project in order to keep it running, then monetary sources should have nothing to do with the results of the projects. Such sources can be foundations, donations, crowdfunding, bidding or the like. Results then can be distributed within the commons or outside of them. A role model for this type of decoupling the inner from the outer market logic is Wikipedia.

Another type is the combination of commons and private firms. The firm, for instance, pays activists and innovators to do what they want because the outcome can be directly or indirectly used by the firm to make profits. This type of financing the commons is used for the development of the Linux kernel, where most of the kernel hackers are paid in a way one might call a »unconditional guaranteed income«. Obviously, explicit or implicit expectations to follow the interests of the money giver may exist in one way or another. There is no black-white logic, most of real world examples are shades of grey. It is even more important to have clear criteria to avoid, that the monetary logic creeps into our projects influencing and finally determining our activities, out commoning.

## **Discussion:**

### **(Why) should we demonetize?**

**Pro money:** Money is based on trust and facilitates transactions between two parties that have no relationship before

Money might be needed as a “service” to achieve commons based ends - working through a third party that you trust, example:

- dealing with people in far away places Australia,
- dealing with people I have not known for a long time

Some form of local currency must exist to motivate people to do less attractive work

Repression and need for enforcement of promises that is associated with money exists in non-monetized economies

But still: Some needs cannot be served by money

[Balanced job complexes](#), facilitates upward solution-oriented skill sharing, job rotation

**Contra money:** Money is based on repression (backed and enforced by nation state)

Transactions between strangers can be done through non-monetized means (example couch surfing), money as objectified trust (allowing for anonymous, intertemporal third party transactions)

Must appreciation really be made obvious immediately? In fact, money makes “acknowledgement” difficult - “Wertschöpfung durch Wertschätzung” and mechanisms for direct appreciation might undermine long term recognition.

Money mediated exchange is not spontaneous, not context sensitive, non-negotiable. It crowds out other motivations of helping others (basing our activities on trust without money is a beautiful thing and experience)

Possibility to redefine efficiency criteria (away from hourly work to intrinsic motivations)

and away from a simplistic understanding from nature. Nature is **not efficient** and not based on competition. Biology is not just about supply but also about meaning, it is based on keeping itself as itself.

Commons are a bit about **keeping itself as itself**, if so, this is about more than use and exchange value,

**Commoning is “enacting the sacred”** i.e. You do something that speaks about the whole world

Money misses all this and it misrepresents the energy flows underlying the economy. At its base: money is a **misunderstanding**.

**Contra alternative currencies:** To build a currency you need to match unmet needs & underutilized resources => need to test scope of exchange needs

### **How could we demonetize?**

get away from the immediate exchange logic (inside/outside logic – you are in or out according to your wallet);

question who is issuing the money and for what purpose ( → see below).

broaden the spaces where you can live without money.

### **Open questions**

What kind of money are we talking about? All purpose money? Risk: All purpose money can rush into local relations and change relations rapidly.

Are all human transactions based on immediate exchange?

What ends should money serve?

Is the fact that money is used for certain ends in and of itself something negative?

How do debates on money relate to gifting and sharing?

- **gifting:** there is no minimum contribution required
- **sharing:** there is a minimum contribution required

## **Subgroup 2 (#4/5/6): Money as a tool for the commons**

**How to use money to foster the commons?**

**How to design it to support the commons?**

*„To me a contribution of the commons is a gift, money is the opposite of a gift. It is fundamentally anti-commons and can't be squared with the commons.“* (Eli Gothill)

### **Questions about the questions:**

The **conceptual difference between money and currency** is key and should not be conflated. Trust and honor is a currency, which helps get ones place in the community. Money is a storage system for trust and promises. The question to be discussed is therefore about the design of *currencies* to foster/support the commons. How do we

design currencies to foster human relationships?

A future (post-collapse) society has the chance to reconsider on which basis it lives, which leads to several questions:

- Do we need money in a society of that kind at all? → see *demonetize-group discussion above*
- Can there be a „commons-neutral currency, a currency that doesn't harm the commons and doesn't privilege any class, group or geography?“

Given that in establishing a currency you bring about the social dimension („You can't buy me, but because you created something and we share it and you bought it with money the social relationship comes about“ (Tara Stuart) we need to ask:

- Is valuing this social relationship really tied to the kind of currency we're using?
- Is there really a need of „money that can be transactional. Not in a way that scales up or down, but there has to be some fluency in-between different money systems that we develop“ (Susan Witt).

With regards to the function of value-keeping (money as a tool to store purchasing power over a certain period of time, aka savings) the following question was raised:

- In a commons-based society, do we still need that function of money?

There was consensus among several participants that, given that **money should equal trust** but today it equals (often) expectation via coercion, a tool that „fosters the commons“ should be able to:

- bring people together to engage in commoning
- base the use of such a tool on reciprocity and mutuality

In light of those questions we had a look at a few examples asking, what was their purpose, what are they able to do, what was the core belief behind the desing of that currency/tool/social money?

### ***Discussion of some examples:***

[#punkmoney](#): a gift currency everybody can create, print, transfer and redeem on twitter; based on the idea of promises between people. For the moment reputation cannot be tracked.

[Goldmarie](#): a local currency system for the *unpayable*, there is no quantity relation and no measurement, *no idea of equivalence*. The pleasure matters: to have created something beautiful, to have gotten aware of mutual trust, to have solved a conflict. In fact it is „a playful document of a successful commoning process, not a value system. It's a trace of what has been done to continue trustful relationships.“ (Johannes Heimrath) The question is not what does it cost, before I do something. It's what I acknowledge after I've done something.

[Stadin Aikkapanki](#) (time bank). A transition tool to help people who don't know each other coming together. It introduces a value attached to the currency: hours/time use. Stadin Aikkapanki developed a tax system (2% tax on every exchange). People can determine themselves where to put the tax. Governing rules were co-shaped to make sure that „what we want to strengthen will be strengthened with our currency“ (Ruby van der Weeken). Also on a larger scale, time banks can be combined with local currencies, and participate in global exchange. (similar: [E-flux](#) time bank in the Netherlands)

[BerkShares](#): local currency in Berkshare, Massachusetts, project rooted in Schumacher

Society, experimenting with new forms of money for 33 years. Berkshare (like money in general) shall serve for everyday exchange, investment and to „initiate new production, that's kind of one of the highest things that could be done“ (Susann Witt). Next steps might be to work for a regional currency and to loan out within the community, as had been proposed by late Schumacher Society Co-Founder Bob Swann and his Australian colleague Shann Turnbull already in the late 1970ies.

### **Questions to be discussed:**

- What do punkmoney, Goldmarie, Berkshares or Stadin Aikkapanki contribute to the commons?
- What are they designed for?
- Do they lead to demonetisation or to currencies that incorporate commons' principles?
- Do alternative currencies serve the purpose of principles of commoning?
  1. who takes, contributes
  2. collective ownership models (diversity)
  3. each commons is a protected commons
  4. use value instead of exchange value
  5. robust solutions through trial and error (iteration)
  6. Ubuntu (relationality)

Other questions that arised during the discussion:

Is „designing money together“ commoning? (Neal Gorenflo)

Isn't it too difficult to design money (now a tool for mistrust) as a **tool for trust-building and to challenge the growth-economy**? „How do you create a currency that brings out the best in people, their generosity?“ - „In the end it's about becoming fully human. [...] there's a different social reality that's possible, beyond our imagination that we can only experiment towards“ (Neal Gorenflo). Others think that this is an utopian instinct, as market-based alienation is not something we're going to get fully rid of. Moreover, there's a limited number of people we can have that trust with, and many things that need to be produced on a massive scale.

But trust is **transitive**. „I trust you, so I trust the people you trust and so on. Getting away from money is a learning process, that takes courage. But, succeeding in it will help people to come back to trust again.“ (Tara Stuart)

### **Conclusion:**

Currencies can be educational. They can help us learning commoning and bringing people together.

### **The equivalence of everyday favour**

Kai Ehlers reports from a system without money (coins) set up in Russia by [Teodor Shanin](#): the **expolar economy**. It is not capitalist or socialist and in a way informal; an **economy of favours**. If today you need tea, I'm giving it to you because I have some. If tomorrow my daughter doesn't have the means to pay the trip to the university, you're going to help me. The equivalent which used to be money in other societies, is not a coin but mutual help, remembrance. But how to remember all these favours? The question points to the origins of such systems.

The Russian and Soviet society has been built like this and there is still a big part of the

society working on this level and a smaller part working on coins. Also in China you have this **equivalence of everyday favour**. It works without a formal system. Some find it interesting, others controlling. The equivalence is not a material value, but the **value of help** in a situation when help is needed. This has been working for centuries until today – like a pyramid: at the bottom there is a barter system. On the next level – a huge base working on favours and at the roof a form of currency (for things that cannot be produced locally).

Informal systems have **unwritten laws and mechanisms** not to step across the boarder of privacy, as Susan Witt reports after living 33 years in the same community: „If you ask too much, you are then cut off. There is no one that knocks on your door and says you're cut off. It just happens.“ So, frequent problems are exclusion, racism, gender imbalances, a „tyranny to the local, experienced in discrimination“ and no objectivity as money is supposed to bring in, as it takes you out of place and time.

Trust and **remembrance**, however, are quite powerful. Johannes Heimrath contributes an anecdote from a travel with German tourists to archaeological sites to South England. The coach driver stopped at a filling station, he had a little bag of sweets to share whenever he drove somewhere with someone offering him a service. After 10 years or so, stopping at the same place he was asked: „Weren't you the guy with the bag of sweets?“ The social code of that society was deeply rooted.

Instead of asking (for Utopia), ask:

- is it possible that a currency meets the principles of commoning (), or
- which function should a currency have in a commons-based and commons-creating society?

... some participants are more interested in a strategy that can be thought from where we are at right now and focus on the transactional nature of money (transaction for goods or favours). In this perspective, currencies should be designed to encourage transaction in a positive way. Moreover, they should foster new production that „embeds social, ecological, sustainability objectives in the very issuing of money for new production. You can embed it in who's getting credit, 0% interest loans, etc.“ (Susan Witt). It is about helping people to do transformative work, [...] to enliven the lives of all of us by *issuing* money for. „Money is just a tool to facilitate that. The question is: What is encouraged and facilitated through money? Is the community facilitating another member to do right production?“ (Susan Witt)

Others wonder if we really need to issue money *before* production and if we can't organize the „investment“ in production in another way (pooling; gift economy...). But „Communities are not educated in that sense. We have a society that is based on money and every step to 'demonetise money', is an educational step so people start to rethink what is the value of my work, what is my place on earth.“ (Johannes Heimrath) We need to learn from each other towards both directions: the conditions necessary to support a non-monetary system *and* alternative money-systems.

In a transitional situation money could be drawn from the capital sphere, „you don't need to issue it, it's already there. Add this to the existing resources and the infinite creativity of people, shared skills and tools etc...“ (Silke Helfrich). [WikiSpeed](#) is a „transition“ example: they were offered joint ventures and capital and said: „We don't need it.“ It all comes down to the very principle question: Why do I work? Do I work for myself, for the others or for goods, for your neighbours?

The **utopian aspect in the commons** is very hard to relate to the real world, real time, real politics (even harder than basic income and local currencies debate). „Creating something useful for the commons is often just a bundle of coincidences and much luck

and personality, it's not a method we could apply. We always have great examples but you can't just copy it." (Johannes Heimrath)

**Conclusion:** There is a need to create *multiple layers of systems*.

„In a commons-related world, we need different kinds of systems for the different functions that money has.“ (Antje Tönnies)

---

## Subgroup 3 (#7/8/9): Money as a Commons?

### Commons Complementary Currency [CCC]

[https://docs.google.com/document/d/1\\_T2jXZwNnUg6IX1AW0uCmajmHNbcTfO6H9Ug7L-oKQ0/edit?pli=1](https://docs.google.com/document/d/1_T2jXZwNnUg6IX1AW0uCmajmHNbcTfO6H9Ug7L-oKQ0/edit?pli=1)

#### Purpose

A currency is not the primary reality, but a system that represents our social relations and the exchanges taking place within a community. A currency is based on trust. By using the currency and designing an appropriate exchange system we create its value. The value should relate to its contribution to sustainability and inclusiveness, so that it can (contribute to) identify the commons and people with the commons. That is:

- learn and incentivate commoning practices (currency mirrors social relations)
- help “telling a story of the commons” through trackability and visualization

The question is, if a commons complementary currency can serve to protect the integrity of the commons (beyond (categories of) resources, as social commons, as knowledge commons, as social systems that need protection and are thus beyond (unconditional) openness), if the currency can help commons to thrive and crystallize and spur a Commons *Creating* Peer Economy following certain principles:

1. Use value trumps exchange value
2. He/she who takes from the commons has to contribute to the commons
3. Commoning includes self-organization and self-healing
4. Share what you can and defend the right to share
5. Produce commons first, not commodities
6. Foster relationships, not transactions

A commons complementary currency, issued by the communities/networks themselves allows for community building, has and strengthens a clear set of shared values and supports commoning.

The question is, if there is really a need for *one* global currency instead of a network of currencies? A network of interoperable currencies would allow the use of local currencies in a global world.

CCC to be **used for** e.g.: once for buying power to generate basic income independent from the State, storing value for me or (even more) for my community / people / area etc

CCC **needed for**: getting something back from all over the world when creating value to cover basic needs or even “subcontract” some person's work, provide goods or services and receive money in exchange to buy other goods or services (but it should be based on a decentralized governance), tracking and get indicators for the value of the currency itself

beyond the local community level, to redistribute goods produced on a non-industrial scale and connected to sustainable lifestyles, with emphasis on a mode of production whose value was endangered during the industrial age; to crowdfund campaigns or convert non monetary help (time, skills, infrastructure) into a virtual currency across platforms, to contribute to any commons project and enhance reputation/trust.

---> It helps to pass from a massive scale production to a smaller one which is autonomous, dense in social practises and integrated within human settlements. Currencies can be compatible to (interoperable with) other currencies, or function across many p2p exchange platforms, this enables us to visualize how they are leveled.

- For valuing reputation (how to maintain it, what's the inclusivity in that?)
- For generating a counterpower connected to values
- For establishing a mutual credit currency where anyone can generate the promise of getting it back

-----

### **Evaluation of (some) existing alternative currency systems from a commons perspective**

- **C3 - Commercial Credit Circuit**: Invoice-backed mutual credit system for amplifying short-term liquidity within a network.  
<http://www.lietaer.com/2011/09/commercial-credit-circuit-c3/>
- **Bitcoin**: Cryptographic protocol controlling genesis and p2p exchange of digital money. Pseudonymous, traceable
  - pro: first working distributed p2p cryptocurrency
  - con: we have no control over it as (local) community, it favours hoarding, speculating, deflationary, early adopters and most spending people are the most powerful
- **Freicoin**: Bitcoin + demurrage.
  - Has the same functionality as bitcoin
  - pro: includes built-in demurrage (cost of storing value over time) which is supposed to avoid the negative aspects of Bitcoin, favouring circulation over storing.
  - con: 80% of the mined coins are distributed through the Freicoin-foundation
- **LETS**: Local Exchange Trading Systems (of different kinds)
  - typically used for services, private households. individuals, ecological and solidarity economy
  - con: not attractive for conventional business (esp. investment and capital intensive production, highly specialised businesses)
- **CES**: Community Exchange System & Community Forge
  - pro: political integrity for a CCC: open source and community governed
  - con: developed 10 years ago, technically centralised system with one database per community (but every database can consult/trade with another)
- **Time banks**: time-based mutual credit

- pro: very commons oriented as it values each ones' time equally, has a fixed and stable value (1 hour)
- con: it is hard to exchange globally (maybe [timerepublik](#) is designed for global, and timebanks can trade locally, globally when operating on CES platform)
- **Ripple:** <http://ripplescam.org>, <https://ripple.com/>:
  - pro: combines a trust network where each user can assign credit to others with a distributed p2p cryptocurrency; users can issue tokens that can represent anything within the network and thereby establish their own currency.
  - unclear: they promise to publish it as free software, but source code not yet published
  - con: internal currency is issued by the company that set it up
- **Mutual /p2p credit:** everyone can issue notes/credit (community way, Minutos, WAT)
  - pros: no „central bank“ or other hierarchical / centralised institution
  - Cons: risk of overissuance, potential lack of trust (how to reliably manage and maintain the value of the currency?)
- **Flattr:** pooled micro donations for cultural production
  - pros: wealth redistribution
  - cons: does not free cultural production from the money-making logic

### Market perspective on CCC:

Offers	Wants
software services	food
cargo bikes designs	ethical production of food and goods
human dignity (basic income)	non-industrial scale, design intensive production of food, fabrics, culture, hardware
Community building, social awareness	trust and reputation
trust and reputation	...
...	

### Pitfalls

In a federated network of commons currencies a typical pitfall is that certain communities issue too much money that is not backed by proof of work / commodities, for the exchanging their currency 1:1 with other communities. It is very complex to keep values balanced, but could be solved technically. CES solves it by limiting the appreciation of money exchanged, also by making it proportional to the scale of each community.