

Lessons from complementary currency workshops

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Rounds of simulations with local voluntary currency reveal some of the weaknesses of today's globalised monetary system. The simulations were a useful way of broadening people's knowledge of money in general. Surprisingly, we find that the best way to work with local economy is to leave the question of money off the table as far as possible into the process.

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SIX MONTHS OF WORKSHOPS

This paper reports from work done with complementary currency in Sweden during the end of 2013 and early 2014. Initiated by the Institute of Swedish Safety and Security, the first study investigated how local, complementary currencies could underpin preparedness and the development of a resilient local economy.

Running several simulations has given us a wealth of insight not only into the workings of a local currency and how it can support communities but also into the very nature of money itself and its effect on us.

Furthermore, by documenting how we went about presenting the currency we hope readers will learn how to set up similar simulation workshops to provide a stimulating way for people to learn about currency in general and local economic resilience in particular.

WE SET OUT TO EXPLORE WAYS TO USE CURRENCY TO DRIVE RESILIENCE

In Sweden at least, preparedness authorities are emphasizing the private individual's responsibility to take care of themselves in the first place should disaster happen. It was proposed that a simple type of currency could stimulate the community to focus more on developing the local economy in a sustainable, resilient way.

ISSS set out to design workshops on local complementary currency with people involved in the transition movement, the cooperative banks JAK and EKOBANKEN as well as other citizens' groups to gauge interest in launching the currency and to explore the possibilities to use it to build resilience.

HOW WE WENT ABOUT IT

Choice of platform

ISSS looked primarily at two approaches: the Bristol Pound and Minutos. The latter was a better choice for further investigation as it is a self-created currency, requires no bank, exchange or clearing, and can be rolled out quickly.

Learning by doing

The Minutos documentation suggests the best way for people to understand the currency is to run a Minutos "game" to simulate how the currency would work.

As our investigation was into how civil society could build risk management and sustainable development we decided to develop a variant of the currency restricted to voluntary time.

The explanation below is from the Swedish voluntary time version of Minutos¹: ITK².

¹ Some material on Minutos is available here <http://minutocash.org/sprachen.html>

² The ITK toolkit in English can be downloaded here <http://iss.se/itk-tool-kit>



How it works

1. Freddie likes a Future Fair project put together by four guys sitting in a coffee shop. They accept his offer of 4 hours of ITK's.
2. The four guys invite people to a meeting to launch their idea and ask a group of volunteers to provide refreshments, and get ITK's in return
3. The refreshment team gets a lettuce from Annica and give her ITKs for it.
4. Annica wants to go to a concert and uses the ITK to give to her baby sitter.
5. At the concert, Enrico the guitarist gets ITKs for his gig, which is part of the Future Fair, where Freddie is volunteering.
6. Enrico goes to the second hand market and gets some cool stage clothes, exchanging ITKs for them.
7. Freddie gets ITKs back as he volunteered to help out at the fair.
8. People selling at the second hand market get ITKs for their stuff, minus a commission.
9. Freddie exchanges ITKs for a second-hand bike.

Our version of the simulation

In order to create something resembling a functioning economy the following ingredients are required. We call them the five P's.

- Payment method
- Place
- People
- Products
- Project

PAYMENT: Introducing the notes

1 ITK
Coupon for
1 minute of volunteer time
<http://issa.se>

Valid to the end of year:	Valid in the geographical area of
Volunteer = the issuer of the coupon	
Stamp, date, signature	
Underwriter, female	
Stamp, date, signature	
Underwriter, male	

Each note represents a number of voluntary minutes according to the picture below.

Workshop participants create their own currency notes by completing the details.

The next thing to do is to define the place and the geographical reach of the currency. Often it is best to stick to administrative areas like municipalities.

Minutos requires two people, a man and a woman to validate the coupons. These are called underwriters in this example

PLACE: Identifying what characterizes the area

Participants record on large paper what best characterizes the area, and what its main assets are as well as its geographic reach.

PEOPLE: Sharing information about yourself

The next step is to explore the participants themselves. Participants complete an A4 form with two sections: the top section describes the person themselves, what they would like to do to help out. The lower section describes the products and services they are offering. This is then used to create an advert or brochure of what they are offering.

It is important that the skills and qualities they put on the form have to do with resilience and sustainability, in the broadest sense. Examples include the likely skills of food and housing provision, but even social skills and cultural skills that contribute to social cohesion.



PRODUCTS: Completing the “products” forms

The lower part of the form is for the “products”. Participants convert their products to minutes. There are about 16-1800 working hours a year and a margin for about 100-400 voluntary hours.

To provide a service, say of teaching Yoga, they will need to add preparation and clean up time, possibly travel time. So if for example two lessons a week eats up a budget of 200 hours
That means that, say, two terms of 22 weeks gives 88 hours of lessons
So one class would cost 2,3 hours or 136 minutes
With ten people in a class that makes, with a margin say 14 minutes per class per participant.

Adverts read like:

Yoga class: 14 minutes per lesson per student Green lettuce: 5 minutes per head
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PROJECTS: Creating work

The next step is to identify some projects. Participants get into groups to consider what projects might be needed to take the development of the resilience and preparedness of the local economy one step further. What they might come up with will depend on how far the community has come already. From this information the group creates an information page for the project.

OPENING UP THE MARKET

The simulation then moves to the market stage.

On a suitable wall space participants to display the forms with their “products” on. (This represents a “small ads” market.)



Simulating trades with the small ads wall in the background

In the middle of the room each project appoints a representative who puts the project description on a chair and stands behind it ready to talk to interested visitors. (This represents a trade show, see picture below.)



The market consists of donating Minutes to one or more projects finding volunteers for projects (and paying them if the project is well funded with donations). “Buying” and “selling” their own products and services to each other.

Reflection

Participants take time to sit back and reflect on the experience individually and with others. A final reflection focuses how to go forward with the local economy based on insights from the simulation.

WHAT WE SAW FROM THE SIMULATIONS

Disbelief about how money is created

Participants often surprised that money can be created “out of thin air”. They are often unaware of how money is normally created as credit when banks make loans.

Interest drives expansion in perpetuity

Participants remark that the money in circulation is not connected to interest. Interest requires work to be done just to pay interest which drives an expansion forever.

Negative feelings around money

Money has a lot of negative feelings around it. Firstly, participants experience a certain fear that they are doing something illegal by creating” money.

Others feel negatively about transactions not creating money for the public purse through taxation. Some more environmental participants have a bad feeling about being consumers and would like to stop buying things altogether.

Indigenuity has been lost

The focus on localism often causes participants to see how little of the place where they live they know. Part of the loss of resilience is to do with a global economy approach where the place you are living is incidental to your needs.

Being sought after gives good feelings

Participants are often pleasantly surprised that their services are sought after,

Buying something that is sustainable gives good feelings

To counteract the guilt of buying non-sustainable goods, many experience positive feelings purchasing things good for the community.

Scarcity brings negative feelings, abundance positive

By creating a pool of volunteer hours, participants immediately see that there is an abundance of hours that can be used to bring the community forward.

Doing business with people you know is something else

It also becomes clear to participants that doing local business with people you know is much different from doing anonymous business. Much more is on trust.

Resilience needs multi-skilling

As the analysis of projects proceeds, participants start to realise that multi-skilling. In contrast to deep specialization of the workforce in a global mode, is necessary.

Money not made from debt circulates freely

Each participant gets six notes. Most do not sign all of them, but start to trade with a few.

Interestingly, at the end of the simulation projects still have notes over and so do participants. As money is not created by credit, which means when the debt is paid it disappears, the amount of money circulating in the simulation remains.

Projectising releases energy

Forming projects, inviting people in creates energy. Not all people are comfortable with planning, some like to pitch in to activities on-going. Creating projects gives people a structure to sign up to.

WHAT WE LEARNED

From watching participants interact with the workshop, as well as going through the design process, we have drawn some general conclusions about the possible role of local, voluntary currencies for creating resilience.

Avoid money as a starting point

Starting from a proposal of introducing complementary currency will wake up deep-rooted fears in people and curb creativity, generosity etc. The very mention of money brings with it the feeling of scarcity which triggers for community negative behaviour like greed, stress, jealousy etc³.

Start from a sense of place

A sense of place is better to start with: most people need to get to know where they are living better, its people, traditions, resources, etc. A sense of place together with getting to know people gives more a feeling of abundance, possibility and opportunity.

All good things start with volunteer time

New business ideas, new inventions, social projects that we admire today all started with people using unpaid, voluntary time. For any change or transition to happen locally there needs to be people willing to put in voluntary time. This does not mean that the initiative will be voluntary forever, it may blossom quite quickly into a social enterprise that pays its bills and provides paid employment.

Projectise with social enterprises in mind as the end point

The tool that focuses efforts, time and resources is the project method. As shown in the simulations, it is the projects that bring local development forward rather than people swapping services using local currency (even though neighbour to neighbour markets are essential for a living, resilient local economy).

Whatever money is based on it is still arbitrary. Trust isn't.

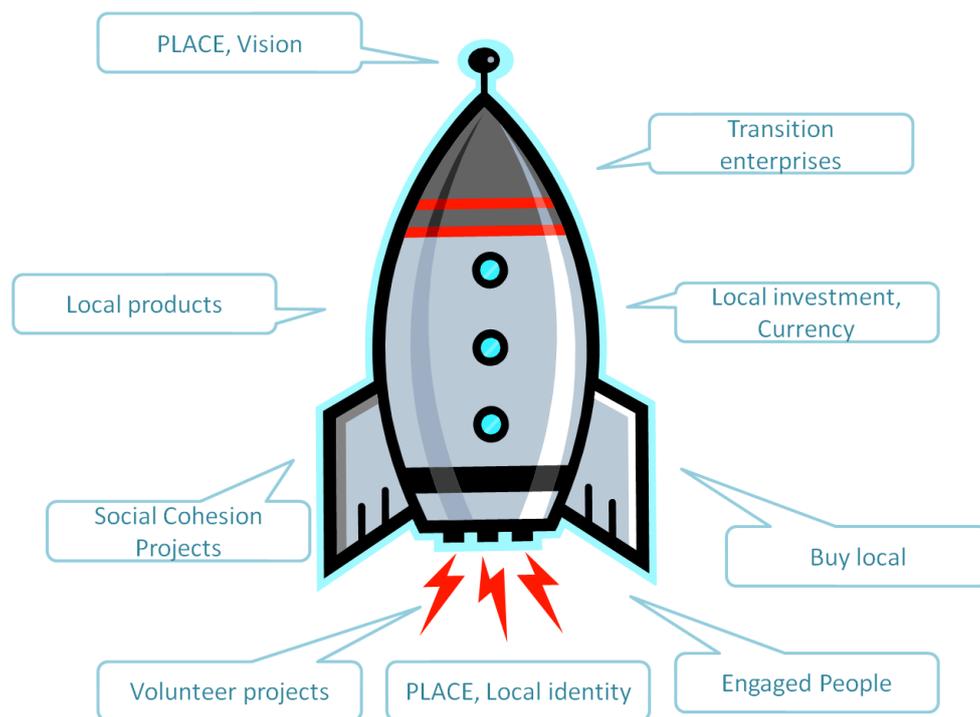
Trying to find the “perfect” unit to base money on might be a futile exercise compared to getting going with something practical that is accepted and works satisfactorily. Time banking of which Minutos is a variety has several advantages:

- It is egalitarian in that everyone has time
- It is easy to calculate
- It is not subject to inflation
- Interest on time makes no sense
- It can be used to create a competence bank that is very useful in times of disasters.

Creating trust in the community lays the best foundations for a living local economy regardless of unit of account used.

³ Perhaps it is better put to say it is not local complementary currency in itself that shows potential, but the process of stimulating local economy.

PUTTING IT TOGETHER



The diagram above represents the Local Economic Rocket, a picture we have used in workshops in Sweden to explain the various aspects needed in developing the local economy.

The sense of place, and identification of scale and scope are important starting points. With identity comes indigenuity and engagement. Projects, social cohesion projects, cultural development and buy local projects can lead to local investment and local currency. Transition enterprises are social enterprises that make up the backbone of the local economy: local sourcing where possible, keeping money circulating in the area, and doing for society over and above providing needed services. Developing a vision along with identity and social cohesion is also an important ingredient.

OTHER INITIATIVES GIVING INSPIRATION



Hullcoin

According to a report in the British Telegraph's online newspaper: Hull City Council is creating its own Bitcoin-like digital currency called HullCoin which it will donate to people in return for carrying out voluntary work. The unprecedented move is a bid to "tackle poverty" and boost the local economy. Struggling residents will carry out "voluntary work" and receive HullCoins as payment. These digital coins could then be used to pay rent or council tax, or buy other goods and

services such as fruit and vegetables. Council workers are currently investigating whether deals could be signed that would even allow them to be used at highstreet shops such as Asda.

This initiative shows, as we have seen from our workshops, the potential unleashed when working with voluntary time and projects to develop the local economy.

HOW TO MOVE FORWARD

The simulation is generally perceived as fun and educative

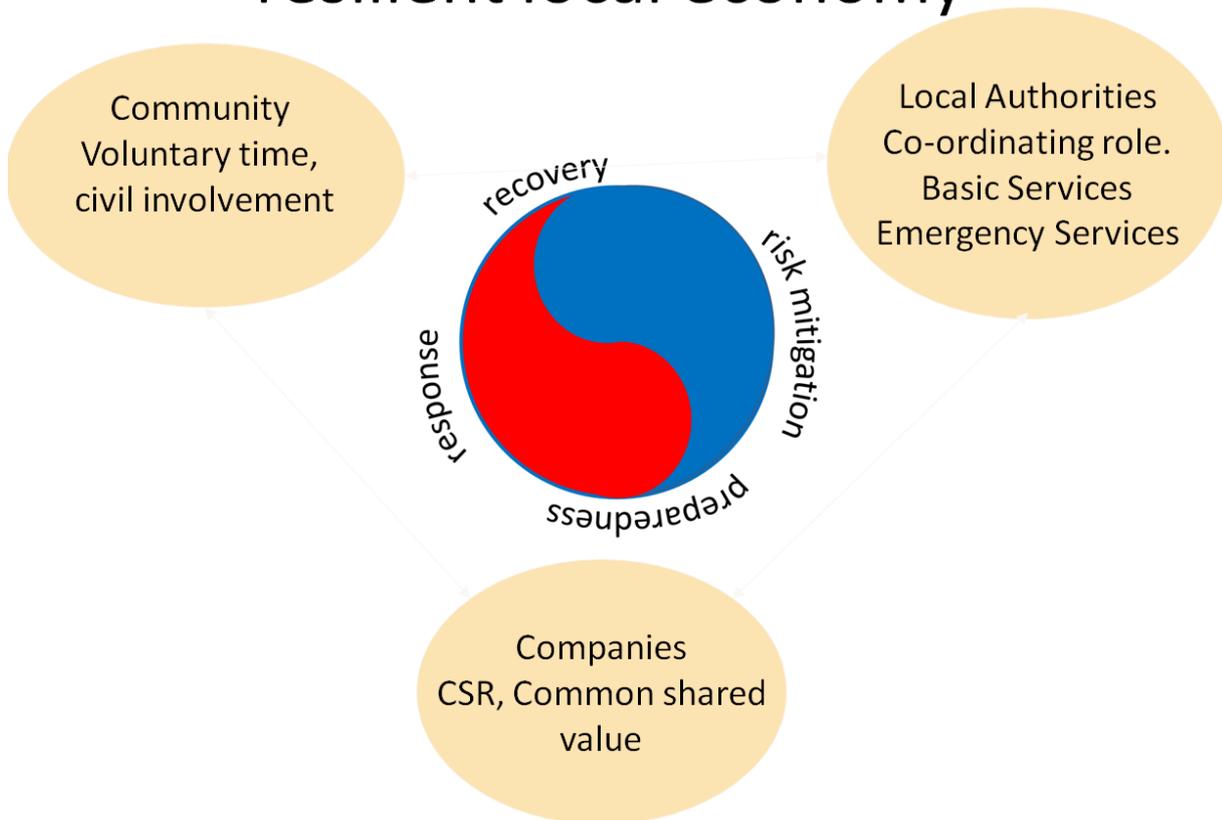
Having gone through the design cycle with several prototypes we are seeing that the workshop is experienced as a valuable learning tool in itself, and can be used in an educational context to increase understanding monetary systems in general. To this end we plan to offer a Teacher's Manual with full instructions for running sessions. In keeping with our own philosophy of going from voluntary work to functioning social enterprise we plan to charge a small fee to download the manual.

Public, private, civic cooperation

Creating a resilient living local economy requires the participation of all local actors. Some kind of development cooperation needs to be set up, possibly driven by a citizens' organisation, or initiated by a local authority, to create activities and projects to move forward. ISSS together with Stephen Hinton consulting is happy to discuss how we can help set up and project manage the introduction of a Local Economic Development collaboration that includes:

- Overall project management
- Poverty and disaster preparedness analysis and advice
- Strategies to resilience
- Technology pathway development
- Strategic consulting

risk management + sustainability = resilient local economy



These activities could be based on a resource, economic analysis and risk analysis, which is a useful starting point

ISS and partners provide risk and resource assessment services as well as support in creating local currencies and markets for renewable energy.

For more information, contact ISSS via the website ISSS.se and Stephen Hinton via stephenhinton.org