

SUMMARY OF A PROPOSAL FOR DIEM25 TO CONSIDER COMPLEMENTARY CURRENCIES.

“A transition from political decision making based on financial-economical consideration towards value based decision making”

January 2018.

Introduction

Studying “The New Deal’ section 2.2 *“Taming finance and establishing a new digital payment platform”*, it occurred to us that local or **complementary currencies**, are not implicitly being considered.

With this proposal we would like to focus on the economic relation between local politics and local businesses. In order to comprehend the significance of our proposal we would like to introduce you to our economic view of value.

It all starts with value. Let’s have a closer look.

We have personal values, like “loving your wife and children, taking care of your family” or more common values like building together a community. Within our community we need for instance to improve education or health care or to improve biodiversity. There is no regular market for such common values. A farmer cannot sell a product like biodiversity. This is a common responsibility and it is the responsibility of the government to ensure that those common values are being realized.

Money is not an issue as long as we are just trying to determine what is valuable for ourselves, our neighborhood, our region or our nation. However money comes into the picture when we want to realize a common value such as the building of a hospital, as we will have to pay the builder, the building material as well as the construction workers. Imagine there is a need for a hospital and it is being decided not to build it, because there is not enough money available? Well, wake up, because that is the situation in most parts of our world. That is why we want to draw your attention to a change in the money-system.

What is happening now? A decision to build a hospital is only based on financial-economic considerations. If there is money available we will build it. If there no money available it may not be build. Now that is strange. Let us explain this.

To finance common values which we need as a society, governments have to raise taxes. That is the available amount of money to realize those common values. When politicians want to spend more money than has been raised through taxes, for instance on education, they have to cut in the budget elsewhere: for instance to build a hospital. They can't do both! Is that what we want?

Alternatively the government could borrow money from banks with interest. This is not a very attractive idea. Certainly not when there is a structural shortage of money raised through taxes. Something like we see in Greece. This is where our money system should be considered.

Let’s have a closer look at money creation. The who and how question!

In current money systems like the Euro, Dollar, Yen, etc. money is not created in a very democratic way as it is done by specialized private (no, not public) companies. We call them “banks”. They are not transparent at all. Money is created in terms of debt. How is that possible? If for instance you want to buy a house you may need a mortgage. What happens when you go to a bank? The bank creates the money out of nothing (WHAT? REALLY? Check it out, it is true....)the bank will demand you to sign a debenture, a debt to pay back with interest. So far so good for commercial businesses, but how about realizing common values like building a hospital? The government is not supposed to act as a commercial bank. It has to serve common interests.

The difference between the Euro and complementary currencies has to do first of all with the authority that issues or creates money and secondly with the way it is being created. It is of crucial ethical and ecological importance that in order to create money to realize common values this should not be done through commercial banks.

Let’s have a look at complimentary money systems already in operation.

In Switzerland there is the WIR (Wirtschaftsring, founded already during the 1934 crisis). It is available for businesses as well as private persons throughout the country as a **complementary currency**, next to the Swiss Franc. Transactions which are not feasible with the Swiss Franc, because it was too expensive or too many strings attached, became possible with the WIR. Private persons for example could get a mortgage

and businesses a loan at much lower interest rates than through regular banks using only Swiss Francs.

In Sardinia the Sardex is functioning very well next to the Euro. And there also the government is taking part in the Sardex. Same in the SW part of the UK and other regions in Europe. WOW, so it exists already!!!!

The Dutch foundation Ons Geld (Our Money) is advocating to split commercial banking from public saving banking. They want to hand over the creation of money from the banking system to some democratic government controlled authority. Wow, maybe, that is a good idea?

The concept of The Burger Bank, also in the Netherlands, embraces local value, local money and local decision making. That would suit DiEM25 quite well! Both are proposals for a society-serving financial system. Shouldn't we seriously consider these proposal and start a pilot, based on these principles?

In our proposal there is no financing through debt to realize common values. VALUE ITSELF DETERMINATING.

There is a need for a independent financial authority which has the obligation to investigate how to support and realize those important common values which the local society have agreed on. An independent monetary authority should decide on how much money is required and how much to be circulated though taxes or other contributions. Governmental debt should be avoided

Are there limitations to this system? Yes. Money cannot be created for goals that do not fit, or are in conflict with the Universal Declaration of Human Rights or ecology principles. In this way we see a complementary currency that is directly connected with our social and ecological environment..

How does all this relate to DiEM 25?

The monetary innovations suggested in The New Deal are in principle aimed at stabilizing the Euro. However this process will require a lot of effort from all Euro-countries. This effort may take a lot of time and it is likely that not every government will co-operate.

We agree that it is desirable to change the Euro system, but we think it is advisable to adapt a two way approach. On the one hand we might bet on stabilizing the Euro-system and on the other hand we should try to make room for local, regional or even national complementary currencies. In this way we could bring back local authority over the local economy all over Europe. It may be a challenge, but it may be the most secure sociocratic way. A way by which local inhabitants are invited to decide and to participate in finding out what appears to be effective and how to learn from this small scale collective enterprising transformation process.

Let us find out together what conditions would fit an appropriate modern complementary currency in the European society of the future.

Our Money System has not always been the way it is at present and preferably should not be the same in the future. Every money system is build on trust. Trust is about the acceptance and the possibility to spent the money again. So, any civilian or business man will accept any currency that he can spend again. For a business it would be very convenient if he could spent his alternative currency to pay taxes such as the VAT. This is where the government comes in. The government (third monetary authority) has a special responsibility in circulating money.

How should such a complementary currency look like in ten years? What should be the characteristics? We should start thinking about it now. Do we want to make the system of money more durable.? Transparent, democratic, serving the people? Do we want it to implement it on a local, regional or even national level? Shouldn't the system be free of corruption, interest and speculation? What kind of Financial and Monetary Authority should create and monitor the circulation of a complementary currency? What do local people think about such ideas?

If you do appreciate our proposal, we invite you to investigate, discuss and implement in a sociocratic way our proposal in the DiEM25 community of DSC's.

As instructed in the diem25.org email of 20th of April we now present our proposal to the DIEM25 discussion forum.