

Time for New Money

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Readers of Sustain know that the built environment matters. They also know that the people who use that built environment make all the difference to sustainable resource use. One of the most brilliant inventions of human beings is money. Money does not occur in nature, although some days you might think so by the way it seems to run our lives. Lack of money, the need or desire for money to do the things we want to do lie at the root of many daily decisions in personal and corporate life. Because money has always been around us we rarely stop and think how it actually functions – we either have enough of ‘it’ or we do not. In the age of ‘sustainable development’ it is rapidly becoming one of the most important questions we can ask because decisions about money itself are driving some of the most unsustainable patterns of human behaviour on the planet, whether it be giant corporations earning more from their investments on the derivatives markets than from their core business, or poor farmers planting cash crops rather than food for themselves. Anyone working in the regeneration or community development fields knows how many good projects fail for lack of the necessities of funding.

LOCAL TIME MONEY

Former coalmining communities in the post-industrial areas of the South Wales Valleys are taking matters into their own hands by experimenting with a new form of ‘time currency’, designed to increase participation in community activities and aid the process of regeneration. Community Time Banks offer people something back in exchange for their services to others in the community. The Blaengarw Workmens’ Hall was built by miners 100 years ago and hosts a lively social events programme, from bingo to Welsh National Opera. People pay to attend these events in time instead of money – a two hour event costs you two ‘time credits’. You earn these time credits by helping out with a range of community activities from adult learning to community environmental projects to childrens’ activities. The Blaengarw Time Centre books the social events, people pay in time on the door and the takings at the bar cover the cost of paying the band or the theatre group. The centre covers its costs, everyone has a good night out and one evening’s entertainment can generate hundreds of hours of community participation. Magic formula for community regeneration?

WALES INSTITUTE FOR COMMUNITY CURRENCIES

This project is just one example of a range of experimental programmes being developed by the Wales Institute for Community Currencies, which was set up with European Regional Development Funds under the Objective One programme. Other projects include Time for Health, Time to Learn, Time for Young People – each of them applying the concept of a ‘time currency’ or time credits in a different sector with the same objective of increasing community participation. What we are learning from these experiments is giving us new insights into the structural problems of the regeneration sector, including new approaches to ‘capacity building’ and redefining the relationships between ‘service providers’ and ‘service users’. So, if sustainable buildings are the ‘hardware’ of the community sector, maybe ‘time currency’, which underwrites community participation in these buildings, is the ‘software’ that allows them to run.

CHANGE IN THINKING ABOUT MONEY

The trick is to stop thinking of money as a ‘thing’ in itself, something to be accumulated or hoarded for future use, and think of it instead as an information system for recording value exchanged. When we think of it as a measuring tool then

the idea of money ‘flows’ and becomes ‘currency’. Over the last twenty years a movement of people experimenting with new kinds of currency has grown up all over the world. ‘Complementary currencies’ act as parallel currencies to national currencies and give people access to a local money supply, backed by their willingness to exchange goods and services, where national currency may be scarce. They are organised by a local association of people who wish to trade. The best known examples in the UK are Local Exchange Trading Systems (LETS) and Time Banks, which have both proved to be valuable tools in community building and social regeneration.

SUSTAINABLE CURRENCIES BY DESIGN

The other important insight these worldwide experiments have given us is that currency is a human invention, not a product of nature, and therefore is a designed object, just like buildings or machines. This means that any sort of money has a set of definable ‘design features’ leading to ‘design choices’ depending on the effects you wish your currency to have. For example, banks and governments issue national currencies that, since the demise of the ‘gold standard’, are not backed by anything substantial, only the belief of the users of the currency that it is redeemable for value in the marketplace. They also allow the charging and payment of interest on money. The effects of non-backed issuance and compound interest are deeply destructive patterns of investment, currency speculation and a systematic transfer of resources to the richest.

Local currencies, by contrast, are backed by the willingness to give service in return for service received and neither charge nor pay interest. Their primary function is as a ready ‘medium of exchange’. Other design choices include the unit of value, the process of issuance, redeemability, trading rules, future value and transaction recording systems. All of this represents the application of systems thinking to money itself so that we can be clear about the feedback loops – both positive and negative – that money carries from the environments and communities in which it operates. This gives us the power to offset some of the more toxic effects of unsustainable currencies.

WHERE NEXT FOR COMPLEMENTARY CURRENCIES?

Complementary currencies, like any technology, are constantly evolving. For these currencies to move from interesting fringe experiments to mainstream practice will take several things. First, practitioners of local currencies need to get their act together. They need to combine the friendliness, compassion and ease of use of local currencies with efficiency and a professional attitude. They need to produce the evidence to show how their way of working can release the potential of individuals, communities and businesses. They need to concentrate on what local currencies do well, which is value local energy, assets and skills that the mainstream economy has overlooked. They need to make the case to policy makers for financial support for running costs and paid organisers but, more importantly, show how local currencies can be extended to whole sectors like health, education or environmental protection and ultimately whole regions because they can help to deliver a range of social goals. With sustainable currencies, sustainable buildings and people become so much more possible.

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