

# Complementary Currency and Exchange

The State of the Movement

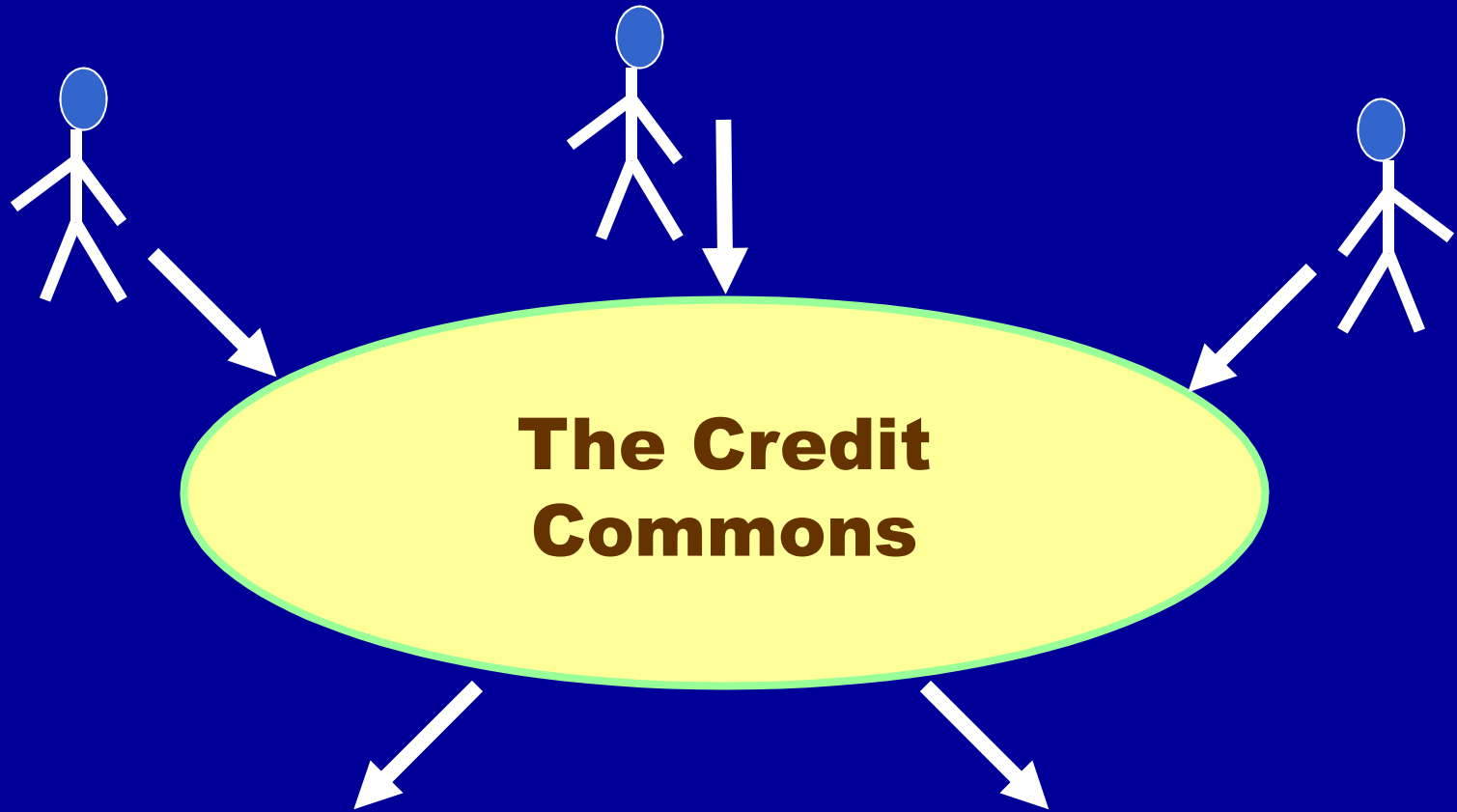
# Modern Money is Credit

Money has evolved through stages

- Commodity money
- Symbolic money
- Credit money

# What is the Credit Commons?

The credit commons is  
the virtual pool of credit and trust.



The In's and Out's of the Credit Commons

**Credit is based on trust**

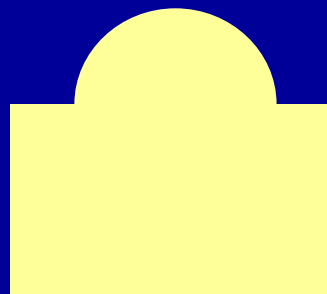
We all put in, but who can take out?



**“Loans”**



**“Loans”**



**“Loans”**

**Central Government**

**The Credit Commons can be accessed only through banks!**

# The Exchange Process is Being Reinvented

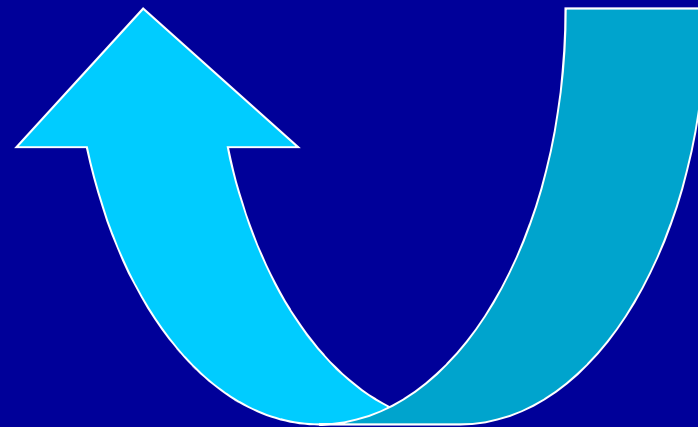
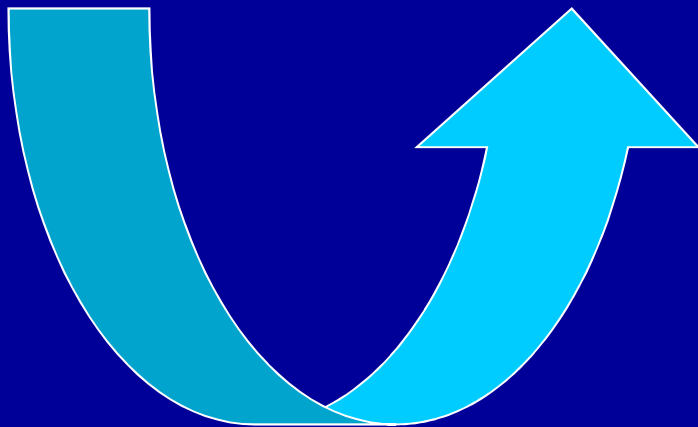
Complementary Currencies and Credit  
Clearing Arrangements are Emerging  
on Various Levels and Fronts.

The “credit commons” is  
being reclaimed.

# Main Currents of the Movement

Voluntary  
Grassroots  
Social Action

For-profit  
Business  
Exchange Options



Mutual Credit/LETS  
Community Currencies

Barter Exchanges  
Trade Exchanges



**LETS-linkup**



All over the world,  
mutual credit systems  
and community  
currencies are emerging.





In Argentina, trading clubs and private currencies proliferate in the face of economic and financial stringency.



**CREDITOS QUE NO SE ACEPTAN EN LOS NODOS ZONA**

► Bonaerense Oeste (el tr...  
 Nodo El Buen Sembrador -  
 gional - Trébol Bonaerense  
 darios - Zona Rosario - Rec...  
 que Región Mar y Sierras -



Autónomos de...  
 or - Club del Tru...  
 del Trueque Am...  
 im - Red Global...  
 os Zona Sur. ►

Commercial interests are discovering the advantages of direct credit clearing.



**BarterNews**

The Official Journal of the Reciprocal Trade Industry

**GBG**

GLOBAL \* BARTER \* GROUP

**TURK \* BARTER**  
INTERNATIONAL



**IRTA**

INTERNATIONAL RECIPROCAL TRADE ASSOCIATION





# Provincial Government Currencies



# Promising Directions

- Freedom approaches based on voluntary participation, that involve
  - Grassroots organizations,
  - NGO's
  - Associations of businesses,
  - Municipal and provincial governments,
  - For-profit enterprises

# What Are the Innovative Technologies in Money and Banking?

- Mutual credit.
- Credit Clearing.
- Co-responsibility.
- **Internet based** markets, social networks, accounting and information management.
- Reliance upon “strong identity.”
- Reliance upon peer-to-peer reputation ratings.

# It Is the Unique Combination of Elements That is Revolutionary

These technologies are being combined into new products that make the exchange process:

- Simpler
- Less costly
- More efficient
- More equitable
- More democratic
- Easier to understand
- Sustainable

# The Next “Free Abundance” is Credit

- The present system of money and banking is a choke on credit, which is **potentially infinite and free**.
- The practical limits of credit are:
  - The productive capacity of the buyer, and
  - The trust of the seller
- The appropriation of credit by the government and banking sectors diverts a huge proportion of economic output from need satisfaction to accumulation and waste.

# Why Community Currencies Sometimes Stagnate or Fail

- **Failure of reciprocity (non-redemption)**
  - **System design flaws**
    - Improper basis of issue
    - Over-issuance
    - Lack of clear agreement between issuers and users
  - **Management issues**
    - Lack of accountability and transparency
    - Inadequate management procedures and controls
    - Failure to respond to internal or external threats

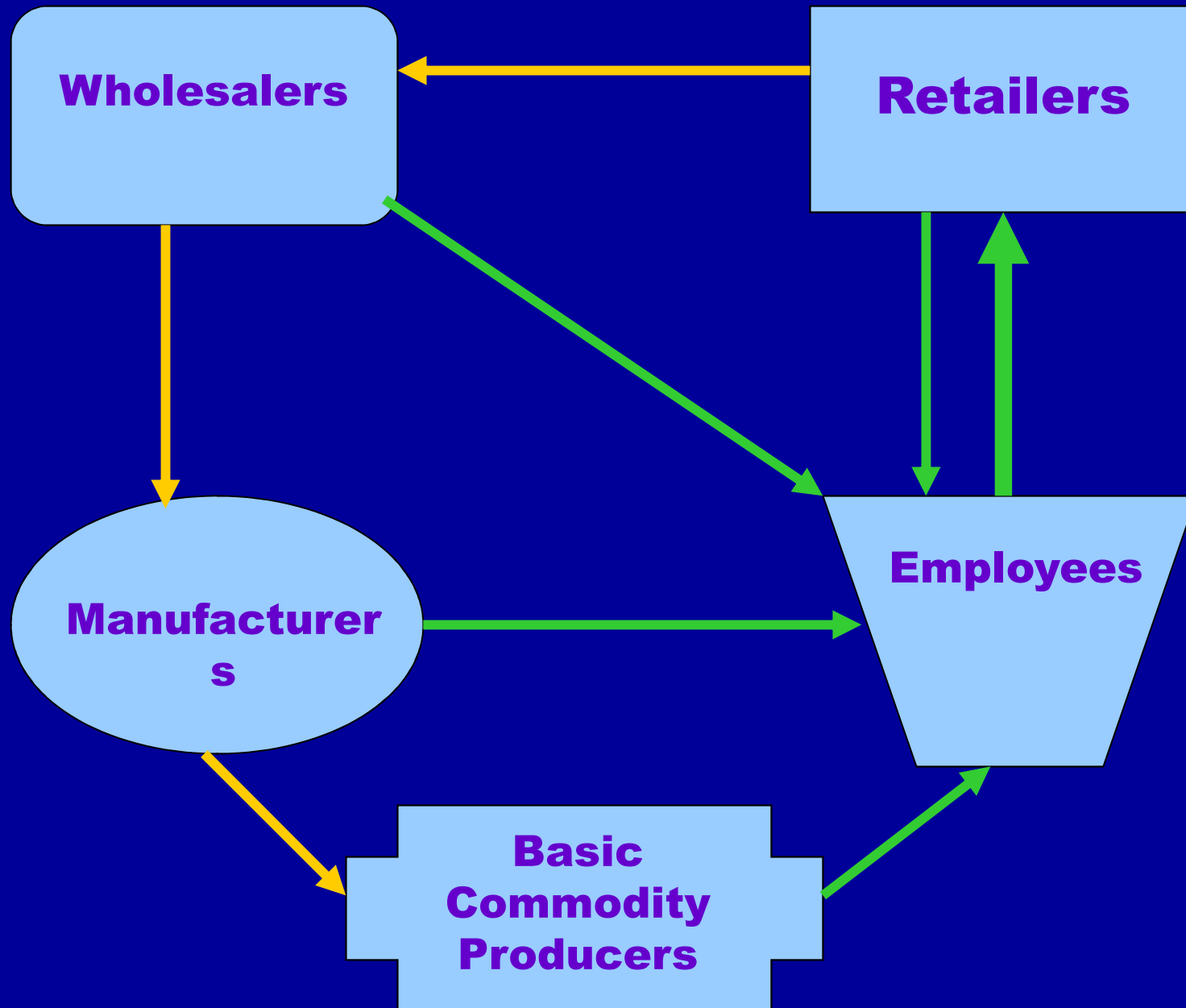


# Why Community Currencies Sometimes Stagnate or Fail

- **Scale and scope**

- Failure to achieve critical size
- Limited number of issuers and narrow range of goods and services offered
- Failure to penetrate all levels of the production/distribution circuit
- Failure to gain wide acceptance within the mainstream of business

# Issuance and Circulation at All Economic Levels



# Evaluating A Currency

## Questions That Should Be Asked

- Who is the issuer?
- How is it issued into circulation?
- What is the basis (foundation) of issue?
- What is the amount currently in circulation?
- What are the terms of the (explicit or implied) contract offered by the issuer to the users of the currency, i.e.,
  - What does the issuer promise?
  - What is the form of redemption?
  - What are the limits, if any, on the amount that may be issued?
  - What is the duration of the contract? Is there an expiration date?
  - Are there any fees, conditions, or limitations associated with redemption?

# The Future of Money is No Money

- The highest evolutionary step of **reciprocal exchange** is the process of mutual credit clearing.
- The future of exchange lies in decentralized autonomous mutual credit clearing networks.
- These networks will be linked together without the center destroying their autonomy.

# A New Economic Order?

“...extension of exchange transactions without state money is in reality the beginning of a new system of settling accounts, indeed the beginning of a new economic order.”

--Ulrich von Beckerath

It is Time to:

*“...re-conceive in the most fundamental sense, the very idea of bank, money, and credit card ...”*

*-- Dee Hock, CEO emeritus, VISA International*

# Sources

- Books:
  - *Money: Understanding and Creating Alternatives to Legal Tender* - Greco
  - *Money and Debt: A Solution to the Global Crisis* - Greco
  - *Flight from Inflation* - Riegel
  - *The New Approach to Freedom* - Riegel
- Website: <http://www.reinventingmoney.com>
- Blog: <http://beyondmoney.blogspot.com>