

## ***A Green Micro-Economy***

This is a second attempt at something I wrote about four years ago. According to a couple of non-expert views, the first one was interesting and also somewhat incomprehensible, so I'm taking a second run at it. It combines quite a few ideas in the other essays too, merit, recycling, complementary currencies and compost (like many people who were around in the 50s, I love compost more than anything, though not more than life itself, compost needs humans). So first, a few explanatory words and notes.

### **Introduction**

First, a complementary currency is some kind of technology (paper notes, electronic exchange of numbers, large but very pretty stones with a hole in them) for storage and exchange of value. It is distinct from the national or regional (the euro, for example) currency, sometimes convertible but preferably not completely. By convertible, I'm talking about exchanging the complementary currency for a national or regional one. This is a complementary rather than alternative, the currency co-exists happily (we hope) with its larger (but more destructive) relation.

The currency, in this case, is a backed currency. A backed currency is exchangeable for some commodity or service. The simplest (and probably the most stupid but culturally very popular) are currencies that are backed by gold. There's not much you can do with gold, one can't eat it for example, you can make electronics and jewellery from it. Gold is 'valuable' because a) it's scarce b) it's pretty, pretty thin reasons. In this economy, a commodity basket (a known mixture of useful stuff) is used to back the currency.

Second, merit. This is borrowed directly from the Buddhist idea of merit, particularly the 'sila' or virtue part. The virtue part covers 'good conduct' which I have westernised somewhat, and aimed outside the precepts. Also, merit can be transferred (I'm actually not too comfortable about this) in special circumstances. In the west, we have degenerate, deformed and monetised versions of this, in the form, for example of 'loyalty cards' or 'rewards'. It would be an amusing (that's not really the word I want, is it?) essay to see whether we have constructed a complete set-mapped degenerate and monetised version of some of the other concepts too.

I have reversed the usual western government procedure, that is, tax undesirable conduct in order to try and change it and (not coincidentally) make a shed-load of money for the commissioning bureaucracy. Hurrah, the magic trough is always full! Also, as I've said elsewhere, these 'costs' are usually absorbed as the 'cost of doing business' or externalised (dumped by businesses onto individuals, mainly) whereas people are always happy with a 'bargain'. I'm thinking about positive feedback and virtuous circles rather than damping, for example. Finally, it's always worth turning anything on it's head, to provide extra insight. I'm not, of course, going to say that many politicians and bureaucrats should be stood on their heads and left there (the name of that rhetorical construction is 'impatiens', for those that like that kind of thing).

## The Economy Itself

Ok, I hope the more esoteric items are a little clearer, let's go to work. My complementary currency has three items backing it:

- some national currency, that comes from selling stuff created in the economy itself (endogenously, according to Gordo the big-word-clown)
- energy that's generated from biomass, CHP and photovoltaic
- compost that's produced from composting products

The currency serves about 250K people maximum, a little more than a big London borough

Let's start with the borough wide composting, which produces the following effects:

- provides free compost for the food growing within the circumference of the economy
- provides compost for sale, for national currency, outside the circumference
- reduce landfill and thus provides payback in reduced landfill tax
- reduce size, weight and frequency of garbage pickup, more credits

So, our happy subjects, who, by regaining some control over their lives, are starting to become citizens again, start to compost. Hey, I do this in my maisonette garden now, it's much, much smaller than a handkerchief. You can either start to compost with communal compost heaps (which your council will hate) or anaerobic composters (which your council will love, capital expenditure, jobs for the lads, subcontracts, mmmmm!). However, you can compost quickly, higher volumes and greater range of stuff from large-scale anaerobic composters.

The solar cells, CHP and biomass (at the moment waste biomass from our horticultural 'contractor', good name, for a decent amount of money they kill and spray stuff, like their crime cousins) installations, provide a reasonable amount of electricity, generating credit values as the surplus goes back into the grid.

Finally, some community actions, such as delittering (meaning that the council is not paying expensive subcontractors and writing leaflets about it) are credited too.

Incidentally, as I've suggested in the s(n)ide remarks, unitary and borough councils are likely to hate this, it removes power, scarcity control (more power) and influence from the centre and moves it down a few notches. In fact, the correct within-the-system way to do this, may be via low-level parish, village or ward councils. These are possible now, even within the London boroughs.

Now, the commodity backing is being created, currency can be issued. Because the national currency is only part of the backing, it isn't at the same numerical value as (parity) with the national currency. This prevents, to some extent, the value leaking out of the currency catchment area. There's been a certain amount of national currency 'pump priming', buying and installing solar cells and composters, for example. There's also, inevitably, some expense in national currency, maintenance, spare parts and specialized labour, for example.

The currency can now be issued in transparent and known quantities (unlike our current for-profit

issued currencies, created at about 90% via bank debt). It's interesting to find a way to do this equitably, perhaps via equal (and by that I mean the same quantity) to every citizen in the currency boundary as (mutual or cooperative style) dividends. It's a nice piece of optimism to think that the rich would simply give away their dividend to someone else or to a local cause that uses the currency, perhaps they would. The currency then makes its way into the 'general' local economy, smaller shops and services, restoring some balance against the larger players. A small 'banking' and electronic transfer 'industry' springs up, if the currency is note/coin based.

Governance, issuance and withdrawal need some thought. In general, there's temptation to fraud when the stakes are high and the risk/reward levels are looking good (complete convertibility and notes in large denominations, for example), a good reason for human-scale, perhaps the 250K population is too big? It might be useful, but limiting to restrict the whole currency to 'greening' transactions (seeds, tools, garden labour, saplings, compost and top soil, for example) and then widen its applicability to the 'general' local economy after a while. The limiting case of this is a token voucher or stamp which is only useful for one type of thing.

People can redeem certain quantities of currency for the national currency, but it won't be a good bargain, so they'll be encouraged to do things in the locality. It would be good to find a way to prevent supermarkets from accepting it too, perhaps via governance measures limiting redemption from certain types of organisation.

I'm not pretending that any of this is a precise schematic, there's a great deal to be blocked in, nice sacks for the compost, currency governance committee, green transport for moving stuff around, documentation and explanation, systems for currency transfer and auditing money supply against commodity levels, want/offer boards and volunteers at all levels. It's a thought adventure that needs to be brought to life.

I see some of this as being biomimetic (a word that's gradually becoming more popular, watch out) as mimicking some of the human body. We have systems that carry blood, lymph and nerve impulses, we don't have one, general nutrient, removal of interstitial fluid and signalling system all-mixed-up. This is a conceptual weakness of 'big' general purpose currency and a clue that smaller-scale specialised technologies -may- work better (unless you're a hypercapitalist who believes that everything from the classical economics was delivered on a stone tablet; well, a lot of it is certainly in indecipherable language). All of our economic systems and signals are mixed up (polluted or trafficked, some might say) in one unreasonable tangled large thingy used for everything from luxury cars (bad) to food (essential for human life) to seeds (good, in most cases).

We could, of course, make good decisions and account well for all this. This is one of the intuitions of 'carbon trading' and pollution trading (neither of which I believe in, they are mainly unenforceable, create privilege, greenwash and miss the point which is not to do it) for example, instruments and units of values can be specialised in a positive way.

We can broaden this out to a complete and distinct set of expressions for value linked, for example, to food, non-renewables, renewables, energy and things-that-we-don't-really-want. This is great but there's always the problem of convertibility and leakages, food stamps to cigarettes, already tends to happen, for example. I'm hoping that the transition towns in the UK will take some of this approach when they think about local money rather than going for parity and convertibility with the national currency, running to stand still, really.