Local Money & The Public Purpose by William Shepherd

'Europe' and *'The Euro'* are stalking horses for something else. Ordinary people know this and sense quite rightly that it matters not a whit whether their money comes from *'Threadneedle Street'* or *'Napoleonstrasse'*. If asked they might prefer *'Wall Street'*…it's closer to '*Disneyland*'. They believe in the old adage that whoever you vote for, the government always gets in. The *'UK Conservative Party'*, like Sir James Goldsmith and his *'Referendum Party*' four years before, have badly underestimated the intelligence of the British electorate. *'New Labour'* as the only other show in town are reaping the electoral rewards. But are the rewards worth winning?

Global money is a money club for big governments and big corporations. Ordinary people feed from the crumbs falling from this rich men's table. Over the next few years the job for the radical economist is to explain to ordinary people what is going on.

Joint stock companies are 'legal entities' enjoying similar rights in the courts to 'karlmen' and 'wyfmen'. Two hundred years ago Thomas Jefferson was arguing against enshrining this idea in the *'American Constitution'* and R.H. Tawney re-opened the case immediately after the Kaiser War within the '*British Labour Movement'*. More recently the American courts have begun quietly shifting the balance away from the soul-less to the soul-full with massive compensation payments to real people. But corporations are retaliating by setting up their own body of law through the *'World Trade Organisation'* and its associated collection of transnational organisations operating beyond the pale of ordinary people and their non-governmental organisations.

In reality the real choice is not between saving the pound and embracing the euro but between global money and local money. Global money only trickles down to the little people as wages and salaries from firms and businesses in exchange for jobwork. Increasingly this global money buys a deficient diet for half a family plus a few baubles shipped to us (this year) from China. Exchange rates are the damndest things. Pensions and insurances are part of this global money merry-go-round. Hustlers and free traders operate along its fringes.

Most people in the world never see global money from one year to the next. But local money is everywhere...and is everywhere threatened. At present it takes a hundred and one different forms. But whatever the form, its purpose is to provide for the exchange of local values. So great is the threat to local economic autonomy everywhere that there has now arisen the mighty intellectual task of moving towards monetary independence, not by swapping pounds for euros but by weaning ourselves off our forced dependency on global money. There is a risk that this may be counter-productive but there is a far greater risk if nothing is attempted.

The one great advantage of money…and there are two sides to this coin…is that it acts impersonally as a third party in transactions between consenting adults. At its best, money is 'good for anything money can buy' and leads to the peaceful exchange of goods and services. Where the parties have comparable power and similar values these transactions may also be fair and meet each party's needs of the moment.

In '*Guide for the Perplexed*', Fritz Schumacher introduced a chapter on problems. He argued that there were two types of problem. You could solve the convergent problem but you had to grapple with the divergent problem. He gave education as one of his examples. One group argues for discipline and the other for freedom. The good teacher reconciles these two opposites with a higher force. In this case by loving the little devils. And in this context Schumacher went on to praise the *'French Revolution'* with its slogan of *'liberté'*, '*égalité*'…and the higher force '*fraternité*'. There were two sub-texts. The first found its way into alternative thinking as 'both-and' instead of 'either-or'. The other is the implicit denial that there is a third class of problem, the '*uncircumvergent*' problem that we can neither solve nor grapple with because it is too big. Purpose, and in particular a public purpose, can often provide the '*fraternité*' glue for an 'either-or' situation.

One radical response to our addiction to global money might to break the shackles that bind us and move overnight from dependence to monetary independence. Some have tried dropping out. The costs are great. Interdependence is a more radical response. Both global money and local money harnessed by a public purpose presents a low-cost low-impact option. It might even work. Let thousands of local dual currency regimes flourish to the benefit of the people living in a place.

A century ago Halford Mackinder insisted that the real struggle of his time would be between 'locality' and 'interests'. Give locality a fighting chance and the mindless pursuit of profits by far-flung nebulous interests cloaked behind the invisible nominee companies controlling the planet's anonymous corporations and their client governments might slink back into the footnotes of history. Schumacher labelled the two camps the people of the *'forward stampede'* and the *'homecomers*'.

Global money would be for global goods and local money for local goods. An old medieval-style '*Exchange Bank'* could provide exchange facilities between the different local currencies and between a particular local currency and the global money. The trading of global money national debts on '*Wall Street*' at different discounts by merchant bankers works on similar principles.

The debt-interest associated with global money means that against 'zero interest rate' or 'biodegradable' local money, the local money would be a store of stable value. It could be backed by a basket of commodities or a global electricity grid's kilowatt-hour money to avoid the boom and bust of the current fractional banking system that releases £1000 of business overdraft money for £80 savings of a widow's pension.

This energy currency scheme proposed decades ago by Buckminster Fuller could provide an excellent way of transferring electricity and money around our *'One World Island'* from the sun-rich equatorial areas to meet the space-heating needs of the colder regions of the planet. It could be the final nail in the coffin of such 50-year old technologies as atomic heat generation.

Such would be the inflation of global money that the local pound or real pound exchanging today for an equivalent global europound would receive half a dozen europounds in exchange a decade or so hence. But local biodegradable real pounds would reflect shifts in supply and demand in the same way as an energy currency or a commodity-backed scrip issue. It could also reflect the shifting terms of trade between work and capital or between work and land. Whether it did or not would depend on its purpose. Money is a human construct not a law of nature.

Ordinary people are beginning to rediscover what their grandparents understood that the quality of life matters. Advertising still mesmerizes the young, but then it is targeted at them. Eventually they too will come to see that for ordinary people life quality means life-style and diet which means organic, locally produced, animal-friendly food from local low-input farms and fulfilment in work and play.

In monetary terms this will require a 'just price and wage regime' for the many real pounds circulating in their own local economies. These real pounds will need to be robust enough to work with the grain of supply and demand for mind and muscle power and incorporate the reality of the economic costs and benefits flowing from the energy and technology slaves that modern industrial civilization has placed at everybody's elbows.

Rural life provides our most basic need: food. So any 'just monetary regime' should be rooted in a new little world order for the countryside that embraces the needs of sound horticulture and animal husbandry, traditional woodlands management and the provision of family shelter from local materials. Energy and water are delivered free at the point of delivery. These can be distributed locally using simple devices like roof catchment tanks for water and coiled water pipes on south-facing black roofs and wind vane generators for energy. The price of the goods, services and values exchanged between port towns and market towns and their hinterlands need to be rooted in a similar regime determined by countryside prices and eternal values.

City regions like London, Birmingham or Manchester will probably work best when they have their own city currencies. Jane Jacobs has argued the case well in her book '*The Wealth of Cities'*. It would be fascinating to return to this sceptred isle in a hundred years time and read the histories of the '*London Mint'*, '*The Bank of Mercia'* and the Manchester currency unions between the '*blue city pound*' and the '*red united pound*'.

One of the principal tasks of local money will be to realign the price of work with the family wage by effecting dramatic shifts in the terms of trade between work and land on the one hand and work and capital on the other. Mortality represents the only scarce commodity for ordinary people. Our genes may go on forever but our heart is on borrowed time. We can count the beats it has made and estimate the number left to go. The purpose of local money should be to optimise the quality of individual and collective living within the constraints inherent in the length of an individual's life. For this '*A Good Day's Pay for A Good Day's Work'* provides the best basic unit of account.

Local money would also represent a revolving fund allowing local mints to close down after getting enough local money into circulation…to be kept always in pristine condition for rapid deployment when some public purpose presented itself.

This is in sharp contrast to global money which provides power and control to the issuing authority through a process of withdrawing money either as taxes and/or price-disguised taxes…Margrit Kennedy argues that often as much as half of the cost of many goods and services would be eliminated in a zero-interest rate regime…or by other mechanisms including generalized price inflation and corporate debt relief through the existing bankruptcy laws.

Presently the 'pound in your pocket' is entirely global money…with perhaps half of it circulating locally or not circulating at all as the many different forms of barter take up the economic slack. Over the next generation…or within a few days after *'The Crash'*…counties, towns, city regions and villages should aim to move the ratio of global to local to non-monetary in the pockets of their local people from the official statistical current situation of 'global' to 'local' to 'non-monetarised' of 80 : 0 : 20…with the 20 declining as global money forces its way into the nooks and crannies of day to day life…to the real-life contractual transaction situation of 40 : 40 : 20.

At present everybody breaks the tax laws several times a day by not declaring dinner at mum's and a hundred and one other non-monetarised benefits as taxable income in kind. This illustrates the extent to which laws must change if Thoreau-style civil disobedience on a Gandhian scale are to be avoided. Gaining an acceptance for local money and learning how to marry it with an honest revenue raising system for public purposes will ease the pain of transition.

Reclaiming local monetary sovereignty can start gathering pace once these ratios are measurable and our own statistics made explicit as league tables comparing different regions, counties, tribes, towns, parishes and households. This is the first step if the general public is to become aware of the relationship between their local monetary ratios ('*LMRs*') and the quality of family life ('*QFLs*') in their neighbourhood.

Such is the current mood in much of rural '*post-Foot-and-Mouth'* England that many regions will be looking for a steady shift of these ratios over the next few years from 80 : 0 : 20 to 40 : 40 : 20 as the statisticians get to work and from there to 30 : 40 : 30 as real work gets started on the ground.

Utopia may be in sight at around 20 : 40 : 40…ironically still the situation in many of the more affluent areas of the undeveloped world. Development and affluence are very different things. The purveyors of globalisation will have to argue their case on our numbers instead of their own. Ricardo will not be up to the job.

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