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Basic Income in Complementary Currency: Prototyping a Collaborative Ecosystem Platform Coop Network

The financial and economic crisis that started in 2008 has hit vast parts of the population hard, the credit crunch brought the economy to a halt, caused massive unemployment in many countries, people could not pay their mortgages and lost their houses. The recession meant less tax revenue for the states and therefore public debt rocketed. As we know the reaction in Europe has been austerity and the buzzword fiscal consolidation. The cuts in public spending have meant less economic activity, therefore less revenue from taxes and a long period of economic stagnation. These cuts have touched the core of the welfare state, health, education and social policies. Of course the crisis has not affected the population the same way and inequality is on the rise, concentrating wealth in fewer hands while a big chunk of the people face the risk of exclusion. This is a real danger for our societies and for our economic system itself, without consumers, why produce? Still we have basic human needs that are not satisfied and on the other hand unemployment, an untapped production capacity with millions out of job.

This drama has spurred the debate about a universal basic income that would leave no one behind, would help eradicate poverty, allowing basic needs to be satisfied and paving the way for a fairer and cohesive society. The case for it is strong and there are models that explain how to finance it through the tax system. Nevertheless, basic income struggles to make its way into political parties manifestos. Even progressive or left wing parties are reluctant and so far favour guaranteed income or employment schemes. Somehow it sounds counter-intuitive that in this context of austerity which touches the backbone of our welfare states, we could allow ourselves a Universal Basic Income. Something that would demand raising taxes to cover the cost.

Yet the debate continues and there are pilot projects on the way albeit small scale in Finland or Utrecht in Holland. Barcelona is going to launch one with a 1000 families, with EU support. Even billionaires like Elon Musk and Mark Zuckerberg advocate for it as the prospect of Artificial Intelligence replacing humans tells us that we will have to deal with massive unemployment in the future and the economy would still need consumers. Running out of clients is a problem for billionaires and for business and the whole economy in general.

The economic establishment in Europe has been very shy to change course against hard facts and public investment plans have been timid and far from having a real leverage effect. Yet the ECB has taken unorthodox measures to introduce liquidity in the economy. The scheme is called Quantitative Easing, QE. The QE programme allows the ECB to buy state bonds in the secondary markets and has meant that banks could get rid of their exposure to sovereign debt

and have fresh money to ideally fuel the real economy. It has had the positive effect of avoiding speculation with state bonds and bringing down the costs of financing public debt. The effect on the real economy has not been so successful and banks are still reluctant to give credit in this context of low growth. It has been advocated that it would have been much more effective to put that enormous amount of money in the hands of the people directly, that would have had a much bigger and beneficial impact on the economy. It would have led to paying debts, spending or investment. This has been called Quantitative Easing for the People. Of course, however plausible it may sound, the prospects of Mario Draghi going down that path or the finance ministers allowing it, seems more likely zero than slim.

What can we do if the political masters do not have any intention of changing course, alter the way money is created and distributed or adopt a common sense idea like a Universal Basic Income? Is it enough to butt heads with the establishment with better arguments, go like Don Quixote tilting against the wind mills? There is no doubt that guaranteeing the satisfaction of basic human needs for everybody would bring about a more resilient society. It is a good idea. Maybe we could combine it with other good ideas, maybe we should not make it depend on those that do not want to let it happen or are reluctant, unconvinced or too cowardly to apply it.

Could basic income be tested in an other way? Is there another way to try Quantitative Easing for the People? Which other good ideas could come to the rescue?

- The Idea of the Commons, a shared resource managed by the Community. Traditionally when we talk about Commons we think of the management of water or the land as a common resource. In our era we also talk about digital commons.

Why not rethink money as a commons? Through complementary currencies a community can reclaim a monetary empowerment that can allow exchanges to happen and develop their economy. There are numerous experiences with local currencies that have had a positive impact. Breaking the monopoly of money creation makes sense. Right now it is highly inefficient, it does not go where it is most needed, there is plenty of financial engineering and too little in the real economy. I propose to combine these two good ideas and explore the possibilities of Basic Income in complementary currencies. It would mean in a way to do Quantitative Easing for the People by the People. It would be a way to boost demand in the economy independently from the banks and the regular financial circuit in which changes don't happen or are very slow due to the strong resistance.

The Basic Income would put in the account of each member of the community an amount to help that person satisfy needs in that currency within the ecosystem that is created around that new money. It would recognise the economic value people have for the economy. First, their needs. Need means demand and if there is demand there will be offer and a market. People often bring an economic value that is not recognised in the current system. Parents that take care of their children, family members caring for the elderly or the disabled, all those doing voluntary work in the social sector, health, education or sports, creating open software or open knowledge. All of that has a tremendous economic value but not a monetary reflection that

allows people to then operate in the economy and be an economic actor. There is a much stronger case for the creation of money to distribute a basic income this way than there is for the way banks create money through credit. The banks do create money out of thin air by handing out credits, their capital requirements are only a small fraction of what they lend. How thin that air was has become painfully apparent in the financial crisis. It is a matter of confidence and confidence is what we need to build if we want a fairer economic system and more resilient communities. For a basic income to make sense and be effective people need to trust they can satisfy their needs in the new currency. Many economic actors would need to participate to make the scheme effective. The currency would be backed by social value.

-The Collaborative Economy. Or the Sharing Economy. It sounded so promising just a few years ago. The digital economy built platforms that allowed to develop P2P transactions exponentially. People would share resources, tools, homes, cars, services. The platforms helped recreate the trust, the necessary trust to engage with strangers through the rating systems. Unfortunately the model has been concentrated in a few global giants who extract value from the economy where they operate thanks to their proprietary technology. As global operators they manage to largely circumvent corporate taxation, they do not pay social contributions to the people who work on their platforms. That is unfair competition and has harmful impact on the incumbent operators in the different sectors like taxis or tourism. It is also creating a dangerous trend in labour protection, the so-called gig economy, in which more people don't have an employer, they are on their own for social protection.

Still, it is a good idea if developed in a distributed way, connected to the territories where the value generated should stay.

-The Platform Cooperatives. This is a concept developed by Trebor Scholz and Nathan Schneider. The idea is that instead of leaving the collaborative economy in the hands of global actors financed by greedy venture capital funds owned by the 1%, it should be owned by its users. The proposed legal form is the cooperative. Producers and users would co-own the structure that allows them to exchange and the cooperative would provide the necessary services like accounting, taxation, social protection and distribute benefits among members. Michel Bauwens speaks of Open Cooperatives, that on top of distributing benefits to members also produce commons for the Community. One can envisage the use of the data generated on the platforms for city planning, for example.

Competing against global giants is, of course, a stiff battle. The high number of users they have achieved, keeps drawing more and more users to their platforms. The question is how and if that trend can be overturned and go towards that P2P distributed model with platform coops.

So, the challenge now is to think out of the box and combine these good ideas and test them together in practice.

This crisis has been very much a crisis of demand with less money in circulation due to austerity and the credit crunch. It has also been a story of winners and losers in the globalisation of the economy.

The climate change problem and the depletion of our natural resources also demand a shift in our economies and a return to production closer to consumption. It makes sense to fuel the local economy through the basic income mechanism and develop a market for local operators. It also makes sense to bring growth in sectors that are carbon neutral, like culture, education, knowledge, caring. The injection of new money can help foster those exchanges.

On to the challenge that we have been working on in www.commonomia.org in The Canary Islands. The proposal is to create a network of platform coops that covers the different basic sectors of the economy, to form an ecosystem that gives rise to the above mentioned distributed P2P collaborative economy. The platforms would operate as a network and thus draw users from one platform to the other and the Basic Income bearing Complementary currency helps boost demand in all the platform and build the confidence in the currency when the users and producers realise that they can satisfy their different needs or expectations within the network. People will accept the currency if a sufficiently varied offer is available. The prototype is intended to serve as a Digital Commons that could be easily replicated in any territory adapting it to its specific needs. The Cooperative structure will provide the services to allow entrepreneurship and P2P exchanges. Each platform is managed by the community of users and shares common services and resources with the rest of the network

Here is the link to the prototype meant to serve for the co-creation of each of the communities:
www.rccp.es/english

We have used Sharetribe, an open source tool. Sharetribe is a partner in the project.

Here is the link to the complementary currency, Nexos:
monedanexos.com

The basic community income features will be incorporated as the ecosystem develops. It makes no sense to start out with a high amount users can't find the way to spend. In principle the idea is that the value is the same as the Euro. It does not intend to replace the Euro but to add another means to exchange. The higher the confidence in the currency, the more extensive the use of it as means of payment for products and services. When the network gets up to speed, the basic income can rise to cover members needs in the local collaborative network.

How should the governance of the currency and its monetary policy be? ideally multi-stakeholder with the different actors of the territory where it is implemented. If we are talking about money as a Commons it should be a community institution, not in the public or private dichotomy but a combination of the two, with a broad representation of interests. If a complementary currency is to have a chance to succeed and be a game changer it seems essential to forge a good cooperation with cities, municipalities or regions for this experiment.

If the volume of transactions is significant in the local economy, what to do about taxation should be addressed. A tax on transactions done on the platform itself could be envisaged, the collection of that collaborative tax would be done automatically when transactions take place and transferred to the account of the city or region where it has taken place.

Basic Income in this proposal, would not cost anything but generate extra revenue for the authorities of the territory where it is to be implemented. In return, they would contribute to the confidence in the new currency by using it for projects to be agreed upon with the community. Of course, it would not serve the purpose if it was to replace investment in €. The money should represent additional expenditure.

Does the Basic Income need to be the exact amount for everybody or could it be modulated?

- There could be a basic payment that could be accompanied by variables decided by the Governing multi stakeholder body that would manage the Currency Commons.
- A premium could be awarded to those who spend the whole monthly amount. They would be contributing to the circulation of the currency and the success of the network in which it is set to operate.
- Contributions in services to the community could be rewarded
- Being both producer and user could also get a reward as it helps achieve the P2P dimension. The volume of transactions within the platforms should also be rewarded as it would help finance the whole ecosystem.
- Certain services could be favoured with a premium, like education, culture, local agriculture or climate friendly transport.

These kind of features could be coded in the currency. The internet of things allows plenty of interactions that could feed the currency platform.

These are just brainstorming examples, research can help understand the effects of a basic income in a territory and the means to expand its features in an ecosystem.

In our prototype we have created all the platforms but the network effect can federate already active actors and the basic income can help boost demand and create the communicating vessels between platforms and thus create the image of a new system.

Were we to be successful in the endeavour to launch a Basic Income Scheme in a distributed P2P collaborative network of platform coops, needless to say, the case for a basic income in the main currency, would become more solid.

An alliance of cities buying into such a civic innovation proposal would bring it to the next level. We talk about a Glocal Network, because the local experiences can also be part of global networks that could share resources and pool together for global impact projects.

The open source software used for Nexos is Cyclos and it is used by many complementary currencies. It allows a dialogue among them so a person who moves to another territory could bring her currency with her. Countless uses could be found through a coalition of the willing.

This proposals seeks to have communities take their future in their own hands and test ideas by doing something with them. The political establishment is not deterred by the feeble results of austerity policies. This Basic Income seeks to recognise people's intrinsic value and contribution

to the economy and through this mechanism do a sort expansionary civic monetary policy to boost demand in the local economy and also to counter the negative effect of globalisation, creating a market for local actors and a true sharing economy.

The challenge is to reach critical mass to provide the full ecosystem experience and the empiric evidence of the viability of the project.

Attract investments and contributions by developing an attractive return on investment in local products and services should help in this endeavour. Crowdfunding in its different forms, public support, european projects, can help solidify the necessary structure to run the network.

This is not an academic article but an open call to cooperation in the co-creation of a civic innovation project.

If basic income would not cost taxpayers money and could even generate extra revenue, would boost demand in a local market and create livelihoods for people in meaningful jobs in a more sustainable ecosystem, what's the catch?

The catch is that it is no easy feat to map relevant stakeholders, projects or initiatives and get them to work together and understand that it can only be through collaboration and working together that deeper transformation can happen. Building the communities which will become the network takes a lot of explaining, engaging and convincing. It has to be a participatory process to make participants feel it as their own.

The catch is also that it is not enough to have a currency with basic income as a pre-distribution mechanism that would work some sort of post- Keynesianism policy à la Commons that creates demand for a local market of products and services. It is not enough to have digital platforms that serve as tools to foster the exchanges in the different economic sectors. Once we are at it, building an ecosystem, we better get it right if the goal is to do better than the capitalist market system. The devil we know is leaving so many millions behind and many more in precarious living conditions and at the same time posing a danger to the planet by depleting natural resources and polluting air, the soil and the sea so that climate change is a real danger for humanity and the earth. We need to ask ourselves many questions, think about how we consume, think about how we produce, our values, our sense of solidarity, community, how we integrate diversity.

Basic income is one step in that direction. By rethinking the way we create money, and the right to satisfy basic human needs, we can bring back as economic actors those left behind. The new economy should strengthen our communities through collaboration and solidarity, foster initiative and entrepreneurship but sharing resources that can also allow to compete against bigger actors or global corporations. Open cooperatives can provide the legal structure. We have to think about how to protect workers. We need to reflect on governance. How can we make it sustainable for the environment? Can we have a true circular economy?

This provocative proposal of a prototype of an ecosystem with basic income in a complementary

currency cannot bailout the retreating welfare state. Our basic rights still need to be defended and demanded. The course of austerity and inequality, of unsustainable consumerism, of permanent growth needs to be changed.

Prototyping and experimenting is better than just waiting for reluctant actors to make up their minds before it is too late.

Engaging in glocal networks of all those working for change can start the process of change. It is important to accompany the experiment with research to measure the impact on an array of different levels. A positive impact should help convince political parties to bring basic income to the main stage.