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MONETARY RESILIENCE

*Rohan Grey\**

*This Essay introduces a general framework for conceptualizing monetary resilience, grounded in a legally sophisticated understanding of money and production. It argues that monetary resilience can be improved by embracing the dynamic relationship between local currency experimentation and global monetary reform. It further argues that monetary reform efforts should be undertaken in coordination with broader efforts to achieve ecological sustainability and economic justice, such as the emerging movement for a “Green New Deal.”*

INTRODUCTION

Contemporary geopolitics are increasingly defined by the interaction between climate change and the collapse of the neoliberal consensus in the aftermath of the global financial crisis of 2007–2008.<sup>1</sup> Growing numbers of people are grappling with feelings of precariousness and powerlessness, as their futures appear to be dictated by global events beyond the control and influence of any one individual, community, or nation. Some have reacted to this emerging dynamic by turning inwards, embracing regional difference and increasingly militant assertions of local self-determination. Others have responded in the opposite direction, reaffirming their commitment to cosmopolitan values and supranational institutions as necessary bulwarks against the renewed threat of parochial self-interest.

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1. See, e.g., David Remnick, *The Financial Crash and the Climate Crisis*, NEW YORKER: NEW YORKER RADIO HOUR (Nov. 9, 2018), <https://www.newyorker.com/podcast/the-new-yorker-radio-hour/the-financial-crash-and-the-climate-crisis> [<https://perma.cc/RCN8-9HTF>].

Somewhat ironically, actors sympathetic to both tendencies have turned to the concept of “resiliency” for insights when navigating the challenges of an increasingly complex, interconnected world.<sup>2</sup> For localists, resiliency evokes the ability to preserve and defend one’s self and community against the vagaries and disruptions of the world beyond.<sup>3</sup> For internationalists, by contrast, resiliency implies a commitment to improving global regulatory and governmental regimes in order to minimize the systemic impact of particularized shocks and disruptions.<sup>4</sup>

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2. Kristen Magis, *Community Resilience: An Indicator of Social Sustainability*, 23 SOC’Y & NAT. RESOURCES 401, 401 (2010) (“Community resilience . . . is [defined as] the existence, development, and engagement of community resources by community members to thrive in an environment characterized by change, uncertainty, unpredictability, and surprise.”); Brian Walker et al., *Resilience, Adaptability and Transformability in Social-Ecological Systems*, 9 ECOLOGY & SOC’Y, no. 2, art. 5, 2004, at 2, <https://www.ecologyandsociety.org/vol9/iss2/art5/print.pdf> [<https://perma.cc/VHK6-WC5S>] (“Resilience is [defined as] the capacity of a system to absorb disturbance and reorganize while undergoing change so as to still retain essentially the same function, structure, identity, and feedbacks.”).

3. See Keith Shaw & Louise Maythorne, *Managing for Local Resilience: Towards a Strategic Approach*, 28 PUB. POL’Y & ADMIN. 43, 47 (2013) (“[R]esilience is closely associated with . . . dealing with external shocks, managing risk, and adapting to changed circumstances.”); David Sondermann, *Towards More Resilient Economies: The Role of Well-Functioning Economic Structures 2* (European Cent. Bank, Working Paper No. 1984, 2016), <https://www.ecb.europa.eu/pub/pdf/scpwps/ecbwp1984.en.pdf> [<https://perma.cc/B5QT-XEH2>] (“Resilience is here understood as the capacity to minimise output losses after an adverse shock has hit the economy.”); Lucia Alessi et al., *The Resilience of EU Member States to the Global Crisis*, VOX (Sept. 26, 2018), <https://voxeu.org/article/resilience-eu-member-states-global-crisis> [<https://perma.cc/SE6D-BZZK>] (“[A] resilient society [i]s one that can respond to shocks and persistent structural changes in such a way that it does not lose its ability to deliver societal well-being in a sustainable way.”); Nadeem Badshah, *Emergency Workers Being Hired to Handle Post-Brexit Disruption*, GUARDIAN (Oct. 10, 2018, 1:00 AM), <https://www.theguardian.com/politics/2018/oct/10/emergency-workers-being-hired-to-handle-post-brexit-disruption> [<https://perma.cc/QTV6-T5UF>] (discussing the U.K. government’s advertising for “resilience advisers” to “handle any ‘disruption’ caused by the various permutations of Britain’s exit from the European Union”).

4. See, e.g., Exec. Order No. 13,677, 79 Fed. Reg. 58,229 (2014); Dep’t of Econ. & Soc. Affairs, Rep. on Climate Change Resilience: An Opportunity for Reducing Inequalities, at 3, U.N. Doc. E/2016/50/Rev.1-ST/ESA/363 (2016), [https://wess.un.org/wp-content/uploads/2016/06/WESS\\_2016\\_Report.pdf](https://wess.un.org/wp-content/uploads/2016/06/WESS_2016_Report.pdf) [<https://perma.cc/7S2P-TCUG>] (“[I]n the absence of well-assessed, far-reaching transformative policies at the national level, supported by effective global partnerships, building climate resilience will remain elusive and poverty and inequalities will likely be exacerbated.”); Joint Research Centre of the European Commission, *The Challenge of Resilience in a Globalized World*, at 17, EUR 27280 EN (2015), [https://ec.europa.eu/jrc/sites/jrcsh/files/jrc-resilience-in-a-globalised-world\\_en.pdf](https://ec.europa.eu/jrc/sites/jrcsh/files/jrc-resilience-in-a-globalised-world_en.pdf) [<https://perma.cc/Q5PX-L6NF>].

[F]or both the financial crisis of 2008-9 and the ‘ash cloud’ crisis of 2010 it was clear that an international response was required both for policy and operation, and although the detailed policies and actions had not been defined in advance, the EU institutions provided a natural framework in which they could be developed . . . . It is clear that . . . no single EU Member State could have achieved

Both approaches, while grounded in valid and meaningful concerns, are overly narrow and reify a false dichotomy between local and global system dynamics. In contrast, an ecologically inspired approach to resiliency acknowledges the inherent interdependency of micro and macro-scale dynamics<sup>5</sup> and emphasizes ways in which “processes at one scale affect those at other scales to influence the overall dynamics of the system.”<sup>6</sup> Such an integrated approach can provide valuable guidance for policymakers and activists seeking to develop comprehensive, holistic solutions to both environmental and economic challenges that situate and empower local actors as critical change agents.

For example, the growing movement for a “Green New Deal” calls for a complete transformation of the global production system away from extractive and exploitative practices and in favor of sustainable and regenerative production methods.<sup>7</sup> In order to achieve this goal, the movement

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these results alone. That is the nature of resilience, which requires accepted mechanisms and a trusted team.

*Id.*; see, e.g., INT’L MONETARY FUND, BUILDING A MORE RESILIENT FINANCIAL SECTOR: REFORMS IN THE WAKE OF THE GLOBAL CRISIS 1 (Aditya Narain et al. eds., 2012).

The journey of policymakers through Basel II and Basel III, and the initiatives of the Group of Twenty (G-20), the Financial Stability Board (FSB), and national authorities . . . to identify the contours of a new financial architecture and to seek out policies and practices that can create a stable and resilient financial system capable of achieving its important mission.

*Id.*

5. See, e.g., Thomas W. Henfrey, *Designing for Resilience: Permaculture as a Transdisciplinary Methodology in Applied Resilience Research*, 23 *ECOLOGY & SOC’Y*, no. 2, art. 35, 2018, at 1–2, <https://www.ecologyandsociety.org/vol23/iss2/art33/> [<https://perma.cc/JUG5-8V4D>].

Community resilience does not only refer to the capacity of a group of people united by common interest to exercise agency in responding to change locally. It also takes into account their ability to instigate and contribute to transformation in the wider systems in which they are nested, because the latter are fundamentally incompatible with resilience at the scale of the local community.

*Id.*

6. Craig R. Allen et al., *Panarchy: Theory and Application*, 17 *ECOSYSTEMS* 578, 578 (2014). See generally Timothy O. Randhir, *Globalization Impacts on Local Commons: Multiscale Strategies for Socioeconomic and Ecological Resilience*, 10 *INT’L. J. COMMONS* 387, 392 (2016) (“The [multiscale, ecosystem framework] . . . allows system-wide changes, inter and intra common interactions, and polycentric governance interactions using hierarchical systems of economic, ecological, and social systems of multiple commons.”).

7. See *Our Road to Victory on a Green New Deal*, SUNRISE MOVEMENT, <https://www.sunrisemovement.org/gnd-strategy> [<https://perma.cc/A28C-HYHZ>]. See generally *The Just Transition Alliance Definition of a Just Transition and Just Transition Principles*, CLIMATE JUSTICE ALLIANCE (2018), <https://climatejusticealliance.org/wp-content/uploads/2018/06/Just-Transition-Alliance-Just-Transition-Principles.pdf> [<https://perma.cc/6MGL-96L9>].

has embraced a “Just Transition” framework, which centers considerations of equity, racial and indigenous justice, and concern for communities most affected by climate change.<sup>8</sup> Furthermore, advocates have insisted that any Green New Deal platform includes a job guarantee component, in order to protect individuals whose lives may be disrupted by the transition process.<sup>9</sup> Such an approach grounds the struggle for the Green New Deal in the empowerment of individuals and communities, encouraging a positive feedback loop between local interests and global action.

By contrast, efforts to transform the monetary system in the aftermath of the global financial crisis have had limited success in harmonizing locally and globally oriented approaches. This is partly due to the inherently abstract, contested, and hierarchical nature of money itself, which makes it difficult to align diverse monetary reform interests and stakeholders under a single common program of action.<sup>10</sup> In addition, it is difficult to build an effective coalition committed to large-scale monetary reforms in the absence of a common vision for positive economic transformation beyond the monetary system itself.

However, responsibility also lies with monetary activists, as many have either downplayed and dismissed the value of local monetary activism<sup>11</sup> or, alternatively, focused exclusively on local action at the expense of a more systemic approach.<sup>12</sup> Both extremes, however unintentional,

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8. See Press Release, Climate Justice Alliance, A Green New Deal Must Be Rooted in a Just Transition for Workers and Communities Most Impacted by Climate Change (Dec. 10, 2018), <https://climatejusticealliance.org/green-new-deal-must-rooted-just-transition-workers-communities-impacted-climate-change> [<https://perma.cc/823Q-P8XU>].

9. See Varshini Prakash & Sarah Meyerhoff, *It's Time for the Climate Movement to Embrace a Federal Jobs Guarantee*, THESE TIMES (May 24, 2018, 12:42 PM), [http://inthesetimes.com/working/entry/21164/climate\\_movement\\_federal\\_jobs\\_guarantee\\_bernie\\_sanders\\_2018](http://inthesetimes.com/working/entry/21164/climate_movement_federal_jobs_guarantee_bernie_sanders_2018) [<https://perma.cc/9PZV-8ZG>].

10. See Mark Kelman, *Could Lawyers Stop Recessions? Speculations on Law and Macroeconomics*, 45 STAN. L. REV. 1215, 1217 (1993).

[E]ven if one wanted lawyers to promote economic stabilization by rethinking the macroeconomic role of the institutions they help shape, there is far less professional consensus about the workings of the macroeconomy than about microeconomics. If one wanted to apply “macro” to law, one must wonder “which macro?,” a challenge largely spared those who sought to introduce microeconomic reasoning into the law.

*Id.*

11. For example, the International Movement for Monetary Reform, an umbrella organization of monetary reform movements in over twenty countries, is focused exclusively on state currency systems, to the exclusion of private and community-based currencies. See *About the IMMR & Our Manifesto*, INT’L MOVEMENT FOR MONETARY REFORM, <https://internationalmoneyreform.org/about/about/> [<https://perma.cc/R9GE-YDYH>].

12. See, e.g., Ed Collom, *Community Currency in the United States: The Social Environments in Which It Emerges and Survives*, 37 ENV’T & PLANNING A 1565, 1571 (2005) (third

have weakened and Balkanized local monetary activist efforts, while depriving the global monetary reform movement of the vitality, insight, and feedback that direct activism can provide.

This Essay seeks to address these failures by proposing a framework that connects community and social currency initiatives at the local level with public monetary reform efforts at the global level. In doing so, this Essay situates contemporary monetary activism efforts in the broader movement for productive and distributional justice as envisioned by the Green New Deal and Just Transition advocates. Part I explores the nature of money and the ways in which monetary systems shape and are shaped by broader sociopolitical dynamics and legal arrangements. Part II considers the relationship between monetary design and different modes of economic production. Finally, Part III introduces a framework for monetary resiliency, grounded in a recognition and appreciation of local actors and communities as agents of broader systemic change.

### I. WHAT IS MONEY?

According to standard economics textbooks, “money” first emerged as a technically superior alternative to in-kind bartering, solving the problem of the “double coincidence of wants” by functioning as a general “ur-commodity” that other goods and services could be exchanged for and priced against.<sup>13</sup> Money began historically with precious metallic coins, before later being supplanted by paper notes, and eventually, virtual accounting entries in a computer.<sup>14</sup> Today, “money” refers to anything capable of serving as a unit of account, medium of exchange, and store of value.<sup>15</sup>

This narrative of the origins and evolution of money, while superficially plausible, lacks support in the historical record.<sup>16</sup> To the contrary,

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alteration in original) (citations omitted) (“[C]ommunity currency movement[s] resemble] . . . ‘communal’ or ‘communitarian’ social movements. . . . [which] seek ‘to establish small-scale social systems to remedy [the] ills of the larger society’ and ‘to live according to their own value systems outside of established social institutions.’”).

13. See N. GREGORY MANKIW, *PRINCIPLES OF ECONOMICS* 324 (6th ed. 2011).

14. See PAUL A. SAMUELSON & WILLIAM D. NORDHAUS, *ECONOMICS* 458–60 (19th ed. 2009).

15. *Id.* at 459–60.

16. L. Randall Wray, *Alternative Approaches to Money*, 11 *THEORETICAL INQUIRIES* L. 29, 39 (2010) (“The orthodox story of money’s origins is rejected by most serious scholars outside economics as historically inaccurate.”); L. Randall Wray, *Introduction to an Alternative History of Money* 3 (Levy Econ. Inst. of Bard Coll., Working Paper No. 717, 2012), [https://www.levyinstitute.org/pubs/wp\\_717.pdf](https://www.levyinstitute.org/pubs/wp_717.pdf) [<https://perma.cc/ZJ3M-2HJS>] (“Although this explanation of the origins of money and financial institutions is taught in almost all money and banking courses, it is internally inconsistent and has little historical foundation.”).

anthropological evidence indicates that money as we now understand it first appeared as an administrative tool for public authorities to command labor and manage the distribution of real resources.<sup>17</sup> Rather than emerging from spontaneous, mutually beneficial interactions between peers, monetary regimes were first established by political authorities through the imposition of non-reciprocal debt obligations, such as taxes, fees, fines, and tithes, which could only be met through the tendering of monetary instruments deemed valid by that authority.<sup>18</sup> Furthermore, the earliest observed monetary technologies were not metallic coins or other physical objects with intrinsic use value, but rather symbolic tokens and accounting records created and maintained by a central government bureaucracy.<sup>19</sup> Thus, from the outset, money has been a collective, public enterprise that reflects the social hierarchies of the polity from which it emerged.<sup>20</sup>

Nevertheless, money is more than a mere expression of public authority. Indeed, monetary regimes rarely, if ever, consist solely of official currency.<sup>21</sup> Instead, any transferable private debt issued by an actor operating within the relevant jurisdiction can gain monetary properties, provided that other actors are willing to accept it as a means of settlement.<sup>22</sup>

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17. See DAVID GRAEBER, *DEBT: THE FIRST 5000 YEARS* 59–60 (2011).

18. Christine Desan, *Money as a Legal Institution*, in *MONEY IN THE WESTERN LEGAL TRADITION: MIDDLE AGES TO BRETTON WOODS* 18, 24 (David Fox & Wolfgang Ernst eds., 2016) [hereinafter *Money as a Legal Institution*]; Pavlina Tcherneva, *Chartalism and the Tax-Driven Approach to Money*, in *A HANDBOOK OF ALTERNATIVE MONETARY ECONOMICS* 69, 72–73 (Philip Arestis & Malcolm Sawyer eds., 2006).

19. Michael Hudson, *The Role of Accounting in Civilization's Economic Takeoff*, *Introduction* to *CREATING ECONOMIC ORDER: RECORD-KEEPING, STANDARDIZATION, AND THE DEVELOPMENT OF ACCOUNTING IN THE ANCIENT NEAR EAST* 1, 2–3, 5 (Michael Hudson & Cornelia Wunsch eds., 2004). See generally Denise Schmand-Besserat & Niloufar Moghimi, *Making Tokens Talk*, in *NON-SCRIBAL COMMUNICATION MEDIA IN THE BRONZE AGE AEGEAN AND SURROUNDING AREAS* 175, 177–80 (Anna Margherita Jasink et al. eds., 2017).

20. See generally Roy Kreitner, *The Jurisprudence of Global Money*, 11 *THEORETICAL INQUIRIES* L. 177 (2010) (discussing the relationship between domestic national political dynamics and international monetary regimes); Christine Desan, *Creation Stories: Myths About the Origin of Money* (Harvard Pub. Law, Working Paper No. 13-20, 2013), <https://dash.harvard.edu/handle/1/11689088> [<https://perma.cc/82VG-7L3B>] (discussing the impact of historical and social contexts on emergent monetary regimes); Pavlina R. Tcherneva, *Money, Power, and Monetary Regimes* 6–8 (Levy Econ. Inst. of Bard Coll., Working Paper No. 861, 2016), [http://www.levyinstitute.org/pubs/wp\\_861.pdf](http://www.levyinstitute.org/pubs/wp_861.pdf) [<https://perma.cc/L522-EV5C>] [hereinafter *Money, Power, and Monetary Regimes*].

21. See A. Mitchell Innes, *The Credit Theory of Money*, 31 *BANKING L.J.* 151, 168 (1914) (“Credit and credit alone is money. . . . The issue of money is not an exclusive privilege of government, but merely one of its functions. . . . Money in one form or another is, in fact, issued by banks, merchants, etc.”).

22. Thus, Hyman Minsky’s famous dictum, “everyone can create money; the problem is to get it accepted.” HYMAN P. MINSKY, *STABILIZING AN UNSTABLE ECONOMY* 255 (1986).

Thus, modern monetary regimes are best conceived of as hybrid systems,<sup>23</sup> comprised of an internal “hierarchy of monies” issued by different public and private actors and denominated in the public unit of account.<sup>24</sup> The various monies in the hierarchy circulate against each other in ways that reflect and shape geopolitical and power dynamics between differently situated institutions and interests.

Of course, because they can reliably be used to satisfy public debts, including those that arise from private disputes, public monetary instruments typically circulate with a greater degree of acceptance than those issued by non-public actors.<sup>25</sup> Thus, they tend to enjoy a privileged position at the top of the hierarchy. Moreover, the conditions under which private monetary instruments can be issued and traded are always shaped by underlying legal and political arrangements,<sup>26</sup> including, most notably, legal prohibitions on counterfeiting and other actions deemed threatening to the public authority’s monopoly over official currency issuance.<sup>27</sup> Hence, even “private” monies have a “public” dimension, in the sense that they implicate, and must remain accountable to, the broader public monetary regime under which they operate.

At the same time, the notion of “public authority” is itself complex and contested, incorporating multiple political jurisdictions and “publics”

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23. See Robert C. Hockett & Saule T. Omarova, *The Finance Franchise*, 102 CORNELL L. REV. 1143, 1147 (2017) (“At its core, the modern financial system is effectively a public-private partnership . . . .”); Katharina Pistor, *A Legal Theory of Finance*, 41 J. COMP. ECON. 315, 315 (2013) (“[F]inancial markets are legally constructed and as such occupy an essentially hybrid place between state and market, public and private.”).

24. See Stephanie Bell, *The Role of the State and the Hierarchy of Money*, 25 CAMBRIDGE J. ECON. 149, 158–61 (2001); Perry Mehrling, *The Inherent Hierarchy of Money* 1–3 (Duncan Foley Festschrift Volume & Conference, 2012), [https://ieor.columbia.edu/files/seasdepts/industrial-engineering-operations-research/pdf-files/Mehrling\\_P\\_FESeminar\\_Sp12-02.pdf](https://ieor.columbia.edu/files/seasdepts/industrial-engineering-operations-research/pdf-files/Mehrling_P_FESeminar_Sp12-02.pdf) [<https://perma.cc/76NG-NSQ8>].

25. Bell, *supra* note 24.

26. See *Money as a Legal Institution*, *supra* note 18, at 30–31. “[A] community determines which goods and services can be alienated, and thus what counts as a ‘commodity’, when it decides what items or services money can buy.” *Id.* at 30. “[T]he very definition of what can be ‘sold’ is determined by working out the legal operation of money. The outcome created by keeping money out of some transactions and demanding it for others shapes what we recognize as ‘the market’.” *Id.* at 31.

27. *Cf. Money, Power, and Monetary Regimes*, *supra* note 20, at 12 (citation omitted) (“Economists have no theory of counterfeiting. Because money is seen as a medium of exchange emerging from barter, the very limited writing on counterfeiting only examines the question of whether it may be ‘efficient’. In general, counterfeiting is treated as a marginal and unimportant phenomenon that is not theorized.”).



that individuals and communities simultaneously identify with and inhabit.<sup>28</sup> Furthermore, the legal system is inherently polycentric, reflecting the influence of not only lawmakers and jurists but also of social customs; governmental, private, and civil sector institutions; and the direct political action of actors and communities.<sup>29</sup> Consequently, monetary pluralism exists not only with respect to public and private monies but also between different kinds of public monies, from vertically nested official currencies to horizontally distributed community and social currencies.

## II. MONETARY PRODUCTION

Given the historically contingent and politically contested nature of money itself, it is unsurprising that monetary regimes can produce a diverse range of underlying production dynamics, depending on how they are structured. For example, under a “simple” fiscal money regime, subjects seek to earn enough currency to satisfy their publicly imposed monetary obligations, but do not seek to accumulate more in order to save or purchase goods and services from other private actors.<sup>30</sup> Hence, the total rate of monetarily induced production is determined by the size of the collective “tax” obligation imposed on the population by the public authority. Alternatively, if the population also wishes to net save currency or obtain

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28. See Sarah Jeong, *The Bitcoin Protocol as Law, and the Politics of a Stateless Currency* 2–3 (May 8, 2013), [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2294124](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2294124) [<https://perma.cc/3DU2-4QMW>] (“Although its creators tend to espouse apolitical accounts of money, Bitcoin has been from the beginning a political project—an evolving, distributed constitutional project, with many goals, visions, and factions.”); Alla Semenova, *Would You Barter with God? Why Holy Debts and Not Profane Markets Created Money*, 70 AM. J. ECON. & SOC. 376, 394 (2011) (locating the origins of money and coinage of ancient Greece in “state-religious practices of centralized collection and redistribution. . . established in a context of a debt relationship between men and deities . . . mediated through the temple authorities”).

29. See generally Geoffrey Swenson, *Legal Pluralism in Theory and Practice*, 20 INT’L STUD. REV. 438, 443 (2018) (“[E]stablishing the rule of law and the inclusive institutions that underpin it is usually a prolonged, highly contingent process with both top-down and bottom-up elements.”).

30. An example of a “simple” fiscal money system in current operation is the University of Missouri, Kansas City’s “Buckaroo” dollar. Every semester, economics students are “taxed” in Buckaroo dollars and must “pay” the tax by the end of the semester in order to receive their final course grade. The Economics department approves local non-profits to pay students in Buckaroo dollars for undertaking community service work, which students can then use to pay their own tax or sell to other students. Warren Mosler, *The UMKC Buckaroo: A Currency Model for World Prosperity*, HUFFPOST (Sept. 20, 2011, 2:31 PM), [https://www.huffingtonpost.com/warren-mosler/the-umkc-buckaroo-a-curre\\_b\\_970447.html](https://www.huffingtonpost.com/warren-mosler/the-umkc-buckaroo-a-curre_b_970447.html) [<https://perma.cc/7BRS-2FD4>] (last updated Nov. 20, 2011).

goods and services made available for purchase in currency by other private actors, the total rate of monetarily induced production is instead determined by a combination of public and private sector behavior.<sup>31</sup>

In more corporatized monetary regimes,<sup>32</sup> the existence of institutionalized “going concerns” whose immediate behavior is motivated by the accumulation of profit in excess of initial investment serves as an engine for even greater levels of monetarily induced production.<sup>33</sup> In such regimes, privately employed workers are under constant pressure to work harder and for lower wages to maintain corporate profit levels.<sup>34</sup> This, in turn, leads the corporate sector to oppose policies such as direct public

31. This principle is further discussed by Christine Desan:

Making a [public monetary] token transferable [was] a simple modification but—in a world without a shared measure, medium, or agreed-upon mode of payment—a revolutionary one. Once the token was allowed to travel, the person with it held an item that every other person who owed a contribution to the centre would be willing to take in exchange for goods. . . . The unit creates a shared standard of value, making prices possible in the process . . . .

*Money as a Legal Institution*, *supra* note 18, at 25.

32. See generally Robert C. Hockett & Saule T. Omarova, “Special,” *Vestigial, or Visionary? What Bank Regulation Tells Us About the Corporation—and Vice Versa*, 39 SEATTLE U. L. REV. 453 (2016) (providing a history of the evolution of the corporate form from a publicly franchised, special purpose entity to a general purpose, self-oriented going concern).

33. This point is expanded upon by John Maynard Keynes:

The distinction between a co-operative economy and an entrepreneur economy bears some relation to a pregnant observation made by Karl Marx . . . [who] pointed out that the nature of production in the actual world is not, as economists seem often to suppose, a case of *C-M-C'*, i.e., of exchanging [one] commodity (or effort) [for another]. That may be the standpoint of the private consumer. But it is not the attitude of *business*, which is the case of *M-C-M'*, i. e., of parting with money for commodity (or effort) in order to obtain more money.

JOHN MAYNARD KEYNES, THE COLLECTED WRITINGS OF JOHN MAYNARD KEYNES 29, 81 (Elizabeth Johnson & Donald Moggridge eds., 1978); see also Roy Kreitner, *Toward a Political Economy of Money*, in RESEARCH HANDBOOK ON POLITICAL ECONOMY AND LAW 7, 24 (Ugo Mattei & John D. Haskell eds., 2015) (“[W]hen M-C-M does become the dominant logic of the system of circulation, the economic system as a whole is geared toward the never-ending expansion of capital, limitless expansion that entails the creation and appropriation of surplus value.”).

34. These dynamics often persist despite the fact that at the macro-level, wages determine rates of consumption, and with them, overall business profit margins. See generally DAVID A. LEVY ET AL., JEROME LEVY FORECASTING CTR., LLC, WHERE PROFITS COME FROM 5 (2008), <https://www.levyforecast.com/assets/Profits.pdf> [<https://perma.cc/VSV2-45EM>].

As every entrepreneur knows, employee costs are a major influence on a firm’s profits. Cutting payroll expenses means a more robust bottom line. Accordingly, it is commonly believed that when firms throughout the economy hold down wages, they improve aggregate profits. However, for the whole business sector, cutting employee compensation reduces revenue as well as expenses. Less worker pay means less personal income and, therefore, less personal spending on the goods and services sold by businesses.

*Id.*

employment, which would allow workers to accumulate currency without recourse to the private labor market.<sup>35</sup> Thus, the logic of corporatized monetary accumulation ultimately ends up in tension with the logic of the fiscal money system that undergirds it, and results in chronic under-investment in public goods, as well as persistent involuntary unemployment.

This tension reaches its apotheosis in contemporary capitalist-monetary regimes, in which public authorities delegate responsibility for the creation of new monetary value to private, profit-driven financial institutions such as commercial banks.<sup>36</sup> In such regimes, the pursuit and realization of profit is transformed from the means to an end to the end itself, as societal investment decisions are driven by capital markets instead of public authorities.<sup>37</sup> Furthermore, investments are judged primarily by their profitability, regardless of their relationship to, or impact on, social welfare or underlying systems of real production and consumption.<sup>38</sup> The logic of monetary accumulation is thus finally turned inwards, onto the working of the monetary system itself. In doing so, the deeper social goals and considerations that motivated the initial public creation of money are obscured, if not abandoned entirely.

By contrast, many community currencies are designed explicitly to align with and further specific non-pecuniary social goals. For example, in time-based currency systems,<sup>39</sup> participants earn as much of the time-currency as they wish—at a fixed hourly wage—by working on specific, collectively approved projects. This enables individuals who lack other

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35. See M. Kalecki, *Political Aspects of Full Employment*, 14 POL. Q. 322, 324–25 (1943).

36. According to Desan, the process of outsourcing responsibility for money creation from the public mint to the private banking system was the critical moment in the turn to contemporary capitalism. See CHRISTINE DESAN, *MAKING MONEY: COIN, CURRENCY, AND THE COMING OF CAPITALISM* 360–62 (2014).

37. See JOSEPH A. SCHUMPETER, *THE THEORY OF ECONOMIC DEVELOPMENT* 126 (Redvers Opie trans., 1961) (“The money market is always, as it were, the headquarters of the capitalist system, from which orders go out to its individual divisions, and that which is debated and decided there is always in essence the settlement of plans for further development.”).

38. This concept is further discussed by L. Randall Wray:

[T]rust investments [prior to the 1929 crash] amounted to little more than pyramid schemes—there was very little in the way of real production or income associated with all this trading in paper. Indeed, as Galbraith shows, the “real” economy was already long past its peak—there were no “fundamentals” to drive the Wall Street boom.

L. Randall Wray, *Minsky’s Money Manager Capitalism and the Global Financial Crisis*, 40 INT’L J. POL. ECON., no. 2, Summer 2011, at 7–8.

39. See generally ED COLLOM ET AL., *EQUAL TIME, EQUAL VALUE: COMMUNITY CURRENCIES AND TIME BANKING IN THE US* (2012) (discussing examples of time-based community currencies in U.S. context); Jeffrey Jacob et al., *The Social and Cultural Capital of Community Currency: An Ithaca HOURS Case Study Survey*, 8 INT’L J. COMMUNITY CURRENCY RES. 42 (2004) (exploring the history of the Ithaca HOURS community currency).

employment opportunities to earn a living by contributing in ways deemed valuable by other members of the community. Although individual labor productivity rates may vary, every individual is nevertheless entitled to equal rates of remuneration, reflecting an egalitarian respect for the equal value of every individual's time.<sup>40</sup>

Under a time-based currency regime, the value of the dollar issued is centered around the average hourly productivity rate of all worker-participants in the system. This encourages responsibility for improving productive efficiency remains at the collective rather than individual level. It also encourages a “democratic experimentalist” approach, whereby disparate individuals and organizations cooperate by sharing knowledge and best practices in a cooperative manner.<sup>41</sup>

Currency systems can also be designed to achieve ecological goals, such as encouraging sustainable production methods<sup>42</sup> and maximizing the rate of energy returned on energy invested into the economy.<sup>43</sup> Indeed, such considerations can even be incorporated into a time-based currency through offering wage-premia for projects with higher rates of energy return on energy investment, or restricting the kinds of approved projects based on environmental sustainability criteria. In contrast to profit-centric currency systems—which subordinate social and environmental considerations to the relentless and reductive logic of accumulation—socially-oriented currency systems are capable of accommodating and reflecting a much wider set of considerations and production criteria.

### III. A FRAMEWORK FOR LOCAL MONETARY RESILIENCE

Local currencies are a key tool in building local monetary resilience. They increase monetary diversity, which reduces economic fragility by

40. See COLLOM ET AL., *supra* note 39, at 10–15; Collom, *supra* note 12, at 1566–67.

41. Michael C. Dorf & Charles F. Sabel, *A Constitution of Democratic Experimentalism*, 98 COLUM. L. REV. 267, 267 (1998). Dorf and Sabel define democratic experimentalism as “a new form of government . . . in which power is decentralized to enable citizens and other actors to utilize their local knowledge to fit solutions to their individual circumstances, but in which regional and national coordinating bodies require actors to share their knowledge with others facing similar problems.” *Id.*

42. See Noel Longhurst & Gill Seyfang, *Harnessing Grassroots Innovations: Complementary Currencies and Sustainability* 10–12 (Int'l Conf. on Cmty. & Complementary Currencies, 2011), <http://base.socioeco.org/docs/a4-504-1-pb-1.pdf> [<https://perma.cc/V77U-FVK9>]; Gill Seyfang, *Low-Carbon Currencies: The Potential of Time Banking and Local Money Systems for Community Carbon-Reduction* 4–5 (Ctr. for Soc. & Econ. Res. on the Glob. Env't, Working Paper No. 09-04, 2009), <https://www.econstor.eu/bitstream/10419/48800/1/601514130.pdf> [<https://perma.cc/28A9-QETM>].

43. See Kenneth Mulder & Nathan John Hagens, *Energy Return on Investment: Toward a Consistent Framework*, 37 AMBIO, no. 2, 2008, at 75.

encouraging different production logics and value criteria that compensate for the weaknesses of the public monetary system.<sup>44</sup> In Uganda, for example, the Bangla-Pesa was introduced in local communities to address the problem of chronic underinvestment at the macro level by the national government.<sup>45</sup> In Brazil, by contrast, municipal authorities in Curitiba began offering tokens that could be used for local bus transportation in exchange for engaging in trash collection that the city could otherwise not afford to undertake.<sup>46</sup> In Japan, individuals care for the elderly beyond what is paid for by the national health services in exchange for a “Ticket for a Caring Relationship,” which they can use to pay for their own, or for relatives’ elder care.<sup>47</sup> Such examples demonstrate the breadth and scope of possible uses of community currency systems.

Notwithstanding these success stories, community currencies often struggle to gain widespread adoption outside of periods of economic crises. This is due to difficulties in administration and scale, as well as the fact public currencies typically enjoy broader acceptance and official legal recognition. To overcome these hurdles, some of the more historically successful complementary currencies explicitly adopted the fiscal logic of public monetary regimes, anchoring their value in the acceptability in payment of local taxes, fines, or other legal obligations.<sup>48</sup> This anchor reduced the local currency’s degree of autonomy and independence from

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44. See Bernard Lietaer et al., *Is Our Monetary Structure a Systemic Cause for Financial Instability? Evidence and Remedies from Nature*, 14 J. FUTURES STUD., Mar. 2010, at 89, 103 (“[D]ifferent types of currencies issued by different types of institutions would provide the diversity and the higher interconnectivity that a resilient financial system would require.”).

45. Mwangi S. Kimenyi & David Muthaka, *Bangla-Pesa: Slum Currency and Implications for the Poor in Developing Countries*, BROOKINGS: UP FRONT (July 17, 2013), <https://www.brookings.edu/blog/up-front/2013/07/17/bangla-pesa-slum-currency-and-implications-for-the-poor-in-developing-countries> [<https://perma.cc/T7A5-FMSY>].

46. MATTHEW T. RICHARDS & KRISTIAN STEPHEN SØNDERGAARD COLVEY, COMPLEMENTARY CURRENCIES: LOCAL SUSTAINABLE DEVELOPMENT 46, <http://lf.is.free.fr/World%20Changing/Rarete/Complementary%20Currencies%205.26.2.pdf> [<https://perma.cc/978J-NDTU>].

47. See Mayumi Hayashi, *Japan’s Fureai Kippu Time-Banking in Elderly Care: Origins, Development, Challenges and Impact*, 16 INT’L J. COMMUNITY CURRENCY RES. 30, 35–36 (2012).

48. See, e.g., GWENDOLYN HALLSMITH & BERNARD LIETAER, CREATING WEALTH: GROWING LOCAL ECONOMIES WITH LOCAL CURRENCIES 212 (2011) (“[T]he most effective way for a governmental entity at any level to encourage the acceptance of any complementary currency is to require that it be used for payment of a tax.”); see also Loren Gatch, *Tax Anticipation Scrip as a Form of Local Currency in the USA During the 1930s*, 16 INT’L J. COMMUNITY CURRENCY RES. 22, 23 (2012) (“[T]ax anticipation scrip was distinctive in that it could be used by citizens to meet the broader obligations they had toward their local governments. This is what . . . assured that it circulated for a far longer time . . . than any other variety [of complementary currency].”); Mark S. Peacock, *Complementary Currencies: History, Theory, Prospects*, 29 LOC. ECON. 1, 708, 720 (2014) (“[T]he ability or necessity to pay part of

the public monetary system, but in exchange provided it with greater legitimacy and stability with respect to its underlying value.

Such an approach allows local currencies to emerge organically from below, and then receive public support from above through the granting of tax-receivable status. This dynamic, in turn, points towards the possibility of an alternative hierarchy of money, in which banks and other private financial institutions responsible for shaping and directing investment are replaced by nested community currencies, operating in accordance with common principles of ecological, economic, and social justice.

To best promote monetary resiliency, local currency activism should be undertaken with globally-minded and radical monetary reform goals in mind.<sup>49</sup> For example, rather than beginning with a specific preferred currency model, and then considering ways in which it could be adapted to fit with a broader activist strategy, communities should first determine what currency model is most likely to address the identified problem at the appropriate scale. Only then should communities determine how to act locally in order to achieve these goals. In some cases, this may require redirecting efforts away from strategies that generate immediate results in favor of longer-term projects, and vice-versa.

On the other hand, it is important not to overstate the potential for local currencies to replace public currencies or to indulge exclusively in local currency activism at the expense of coordinated efforts aimed at transforming public monetary regimes more broadly. In addition, it is critical that local actions be consistent with the scope and scale of the problems they seek to address. It is insufficient, for example, to respond to the threat of climate change solely by attempting to reduce local carbon emissions, absent a theory of how doing so will further the broader goal of decarbonizing global economic production. Similarly, it is a categorical error to attempt to solve a crisis of chronic federal under-investment through the introduction of a local currency, if critical local services and infrastructure remain dependent on federal funding.

Nevertheless, despite their limitations, local currencies have the potential to serve as vital laboratories of monetary experimentation, generating lessons and insights for broader public reform efforts and providing

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one's taxes in a [complementary currency] would . . . promote the use of the relevant [complementary currency].").

49. Or, to borrow a line attributed to Alvin Toffler, "You've got to think about the big things while you're doing the small things, so that all the small things go in the right direction." Graham Speechley, *You've Got to Think About the Big Things*, LEADERSHIP QUOTE, <http://leadershipquote.org/youve-got-to-think-about-the-big-things/> [https://perma.cc/B3WR-KUCG] (quoting Alvin Toffler).

a space to reimagine money from first principles.<sup>50</sup> Local currency initiatives also encourage communities to conceptualize and articulate their collective economic identity and interests in explicitly monetary terms.<sup>51</sup> Furthermore, the experience of designing, introducing, and administering a local currency can help to recruit and train aspiring monetary activists who may otherwise find currency systems overly technical, abstract, or alienating.

#### CONCLUSION

As questions of monetary design and economic ordering become increasingly salient in global discussions about how to implement a Green New Deal via a Just Transition, monetary activists have an obligation to listen and learn from their friends and allies in the environmental justice space and to take seriously the challenge of building monetary resilience across all layers of society. The aim of this Essay has not been to set forth a fully developed theory of monetary resilience but rather to provoke a discussion about how to ensure monetary reform efforts are coordinated, holistically informed, and rooted in the lived experience of local communities. Community currency initiatives have great potential to enhance local economic resiliency, empower monetary activists, and facilitate experimentation in monetary design. In order to be most effective, however, such initiatives must be undertaken in coordination with global public monetary reform efforts, and informed by a broader substantive vision of economic and environmental justice.

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50. See, e.g., Farley Grubb, *Is Paper Money Just Paper Money? Experimentation and Variation in the Paper Monies Issued by the American Colonies from 1690 to 1775* 1 (Nat'l Bureau of Econ. Research, Working Paper No. 17997, 2012) (observing that the issuance of paper monies by the British North American colonies were “neither uniform nor coordinated” and “[w]hile not consciously intended to be so . . . [constituted] monetary experimentation on a grand scale”).

51. See, e.g., Christine Desan, *From Blood to Profit: Making Money in the Practice and Imagery of Early America*, 20 J. POL'Y HIST. 26, 30 (2008).

The bills of credit used [as money] by early Americans kept their value because they were worth gold in paying *provincial* taxes. That mechanism defined them as a local currency, the liquid specific to a particular body politic. The “authorship” of money in turn supported a sense of corporal identity.

*Id.*