

Open Money

From P2P Foundation

Open Money.org = Project to develop a software and infrastructure to enable peer-based multiple local currencies.

URL = <http://www.openmoney.org>

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Definition

"The open money project aims to create the global infrastructure, tools, governance mechanisms and platforms that will give communities the capacity to create their own currencies[1] (http://p2pfoundation.net/Alternative_Currencies) with just a few clicks and thereby liberate their wealth potential. This will become the most important evolution for society in the coming years." (<http://www.gifthub.org/2008/03/open-money-meta.html>)

Context

"Money is making a fundamental evolutionary step into community currencies. Conventional money as we know it has a built in architecture that leads to scarcity, centralization, concentration, secrecy, proprietarization. This conventional monetary system is not appropriate to dealing with today's global systemic challenges (harmonizing local and global needs, creating ecological sustainability, enabling the information economy, leveraging the open source paradigm, etc). Just as there are now millions of media outlets today, currencies will follow this same evolution by shifting from centralized authoritative

models to distributed ones that allow better sustainability, distribution, transparency, and regulation mechanisms. Every community (associations, companies, cities, regions, states, professions, interest groups, etc) will be able to create their own currencies for their own marketplace.

The open money project aims to create the global infrastructure, tools, governance mechanisms and platforms that will give communities this capacity. With just a few clicks, they will be able to create their currency(ies) and thereby liberate their wealth potential. This will become the most important evolution for society in the coming years." (<http://openmoney.ning.com/>)

Description

“Open money is a means of exchange freely available to all. Any community, any association - indeed, any body - can have their own money. Open money is synonymous with LETS - an invitation to come inside and play, as in open door and open house; collaboration as in open hand and open for all; attitude as in open mind. The purpose of the open money project is to bring together and organize the people and resources necessary for the development and propagation of open money everywhere. The open money project is a work in progress - a continuation of almost 20 years of LETSsystem development all over the world, two community way projects in Canada using smart cards, the Japan open money project, and, most recently, a community currencies server program, cybercredits. The intent is to develop an open money kernel - a core set of text files, administration tools and software systems that are sufficiently coherent and clear that further elaboration of the set derives from the core concepts themselves, rather than from the particular agendas of the originating writers and contributors. The open money kernel is to have a life of its own. ' (<http://www.openmoney.org/>

How does open money work?

You treasure what you measure, and you measure what you treasure. Open money provides the tools to implement this maxim. What should we be treasuring in our culture and on our planet that we so far have no way to measure?

Throughout history, wealth acknowledgment evolved by becoming more abstract and less substantial. Open money follows this same pattern by being a meta-currency system, not just a new single kind of money. It enables the creation of many new types of money. It puts currency creation directly in the hands of communities so that they can create wealth-acknowledgment systems for tracking all types of wealth--tradable, measurable, and acknowledgeable--and so that they can tailor the tracking to fit their precise needs.

Open money works by providing a unified platform for the interchange of all these different kinds of wealth acknowledgment, just the same way that the Internet provides a unified platform for the interchange of all kinds of information. Just as the great shift of the Internet was in not specifying what kind of data can flow across it (unlike the phone network), the great shift of open money lies in not dictating which new form of wealth-acknowledgment people should use. Instead it provides the basic building blocks for communities to create new types of wealth-acknowledgment systems themselves.

Right off the bat, communities can use open money for simple things like Local Exchange Trading Systems (LETS), Time Banks, barter networks, carbon-emissions trading programs, baby-sitting co-ops, reputation tracking systems, business loyalty programs, etc. But the interesting stuff will happen when communities apply their creativity to invent new currencies that solve wealth-acknowledgment problems we don't even have names for yet." (<http://openmoney.info/sophia/index.html>)

Characteristics

From <http://www.thetransitioner.org/wiki/tiki-index.php?page=Open%20Money%20Characteristics>:

Open Money has to be:

"Peer-to-peer"

This for either technical, safety and ethical reasons:

- **Technical:** the absence of client server infrastructure allows to use the current home computer network without the need to deploy dedicated heavy infrastructure. It also solves scalability issues.
- **Safety:** by being delocalized, distributed and duplicated, information becomes almost impossible to alter or destroy. Rather than heavy control structure, the security is also provided by a sousveillance mechanism.
- **Ethical:** in the contrary to centralized banking that gives full control to a small minority, a delocalized, distributed, duplicated and open information is the best way to guaranty its democratic access and evolution.

Granularity and Emergence

Granularity means that the global system works using the emergent properties of many individual entities interacting with each other rather through micro-management by large institutions. Each piece of information and each tool should be formatted in a way that joining or quitting the network and its stream of activity is easy and painless.

Viral

This means that people have personal interest to attract other people, and new participants have an interest to join. The viral property can usually begin only once a critical mass of participants has been reached, it's useless before. The main issue resides in the number and the building of this critical mass, and the amount of energy to invest in it.

Democratic

The way the currency is defined, architected, distributed, controlled, has to be a democratic process, i.e. to belong to and serve the community that made it." (<http://www.thetransitioner.org/wiki/tiki-index.php?page=Open%20Money%20Characteristics>)

Examples

"The most developed of the open money projects at this time are in Canada - in the Comox Valley and also in Tofino and Ucluelet in the west coast of Vancouver Island. There continues to be growing interest in community currencies throughout the world.

Throughout 2001, Kohkoku Magazine, the Hakuodo Corporation and the Japan Research Institute have sponsored "jomp" - the Japan open money project - with 6 editions of the Kohkoku magazine in Japanese and English devoted to "future social design". The pages linked below were written specifically for publication in the Kohkoku magazine and for the organization of jomp. They are the most developed set of open money materials to date - soon to be available in Japanese on the web, and then in progressively more languages." (<http://openmoney.org/top/introduction.html>)

Discussion

Why do we need open money?

1. Modern money is inefficient and unfair. Because communities cannot create their own currencies they are beholden to, and fundamentally controlled by, whoever does, just as users of coins were limited by the amount of precious metal available. When communities can create their own currencies, they don't have to export their own wealth to get money to use for trade. They can start trading right away and export later if they so choose.

2. "Money can't buy me love." The structure of the modern monetary system is based on assumptions of competition & resource scarcity. Though these assumptions can be applied to tradable wealth, they blind us when we apply them to only measurable or acknowledgeable wealth. To cultivate the kinds of wealth that correspond with overall systemic health and inter-system resonances, where the assumptions of scarcity and competition no longer apply, we need a new wealth-acknowledgment system.

3. Our culture and our planet are falling apart. Humanity has grown so large and complex that cultural systems that once maintained the health of our communities no longer can. Similarly, the effects of humanity on the planetary ecosystem are beyond the ecosystems capacity to self-repair. Humanity must take responsibility itself, but currently has no tool and no capacity sufficient to the need for collective action.

The P2P aspects of Open Money systems

- Decentralized: no need for a centralized issuer like a bank, which means no threats from a centralized power.
- Free: no interest is practiced because there is no issuer that makes a business of it. The only cost is the one of the infrastructure, which is a flat marginal cost, not an exponential one like in the interest.
- Peer-to-peer: the total quantity of money in the community is determined in realtime by peer-to-peer exchange. There is no centralized authority that determines how much, where and when the quantity of money should be allocated.
- Controlled by the communities that use it: the rules of circulation, credit limits, taxes, decision making processes, etc, are controlled by the community itself. Most of these settings can be configured via the software.

- Sufficient: because based on mutual credit, i.e. there's never a lack of money since it is created upon the needs/wants streaming.
- Holoptical: which means transparency between participants and access to global information about the system.
- Adapted to all needs and all communities: whether communities are based on a local territory or a virtual one, each community exists because it has a circulating offer/demand within it. It can be time exchange, objects, services, knowledge... in a competitive or gift economy. Scarce mainstream currencies only serve competitive markets. Open money serves whatever market since it is sufficient and can be applied in any context.
- Connected to any "real" or "virtual" value: any community currency can be based on a "real" value (time, gold, kilowatt, kilo of potatoes, oil, distance...) or a "virtual" value (i.e. no relation to anything in the real world, it is just a unit accepted in the community).

"The term Open Money was defined by Michael Linton and Ernie Yacub. Open money is simply a medium of payment, a memory that something of value has been passed to another. One person's balance goes up, the other down. So for example suppose two people start with no money at all, so both accounts are at zero. One person then pays another CC10, their balances are now CC-10 and CC+10. Here's where it's different from traditional money: there is no requirement that that money exists beforehand. It is possible to go into negative and positive without contacting a bank. So that's it. It's really no more complicated than that. It's just mechanics from here on in, for example paying by phone, smartcard, paper notes, electronic point-of-sale (EPOS), or even SMS... The dedicated site is OpenMoney.org. TheTransitioner.org and OpenMoney.org are closely working together. TheTransitioner.org handles interactive community discussions and live projects, whereas OpenMoney.org possesses all material about it (technical, definitions, former papers, etc).(<http://www.thetransitioner.org/wiki/tiki-index.php?page=Open+Money>)

Open Money as a P2P Currency System

Open Money is a wide, deep collection of information about currency systems. The primary thrust of the project is the promotion of P2P currencies, and there are some tools available for testing on the site right now. The Open Money page on the P2P Foundation wiki (http://p2pfoundation.net/Open_Money#The_P2P_aspects_of_Open_Money_systems) lists attributes for Open Money like decentralization, mutual credit, interest free, and applicable to any resource.

The Open Money Manifesto

This is the text of the original Open Money Manifesto from Michael Linton at <http://openmoney.org/top/omanifesto.html>

"The problems with money stem entirely from how conventional money is normally issued - it is created by central banks in limited supply. There are three things we know about this money. We know what it does - it comes and it goes. We know what it is - it's scarce and hard to get. And we know where it's from - it's from "them", not us.

These three characteristics, common to all national currencies, determine that we constantly have to compete for a share of the limited amount of the "stuff" that makes the world go round. This money can go anywhere, and so it inevitably does, leaving the community deprived of its means of exchange.

It is simply the nature of conventional money that by its coming and going it creates conditions of competition and scarcity, within and between communities.

So we have to scramble for money to survive, we are forced to compete for it, often ruthlessly. Intent on getting the most for the least, we strive for the best bargains, as individuals, businesses, non-profits, governments, and nations.

As a society, as a generation, it seems we are determined to have everything ourselves no matter what consequences our excesses and negligence bring for others, now and in the future.

We rely on this money. It seems there isn't much choice, despite its evident failings. Some people have little or none and cannot do what they need to live in this world - some people have vast amounts of it and yet it seems to do them, and the world, no good.

And what's it all about? A money that is scarce, runs away in all directions, and comes from "them". This money of theirs comes with many problems.

- the problem of supply - how much money in circulation is "right" for the economy? Nobody seems to know how to keep the balance between too much and too little.
- the problem of distribution - where is it? who has it and who hasn't? is it where it's needed? clearly not.
- the problems of cost - costs of creation and security, operations and accounting, the costs of interest, the costs of the courts.

But above all, at a cost beyond counting, our monetarily driven behaviour has utterly disastrous effects on our society and the global environment.

That's the bad news, but you probably knew it already. Now here's the good news - all these problems can be fixed with money that's better designed.

Money is just information, a way we measure what we trade, nothing of value in itself. And we can make it ourselves, to work as a complement to conventional money. Just a matter of design.

There is no good reason for a community to be without money. To be short of money when there's work to get done is like not having enough inches to build a house. We have the materials, the tools, the space, the time, the skills and the intent to build ... but we have no inches today? Why be short of inches? Why be short of money?

Open moneys are virtual, personal and free. Any community, network, business can create their own free money - "free" as in free speech, free radical, freely available - but NOT free as in free lunch, or free ride. It's not something you get for nothing.

Open money is money that must be earned to be respected. When you issue it, you are obliged to redeem it - your money is your word. It's just a matter of your reputation in your community.

Open money is flat money. It confers no power of one over another, only one with another. Exploitation is no problem; when you have your own money, you can't be bought and sold so easily. You can choose what you do to earn your money. And there's no monopoly, all systems coexist in the same space. Flatter than flat - open money is superflat.

Open money is virtual and not limited. Physical things exist in space and time - which makes them limited - in number, mass, place. Virtual things don't exist and need not respect any such limits.

So any and all things are possible in open money space - any form at all. It's just a matter of devising a scoring system for those who consent to using it - money is simply a social arrangement.

Of course, a system won't work as a money unless it's well designed. A scoring system that nobody wants to use isn't a working money. So while there's no limit to the moneys that can be conceived, not all moneys will work.

The new money that will work will be created by us, in sufficient supply to meet our needs, and in an open context so that all can contribute and be acknowledged. Open money will circulate within the networks and communities it serves, quite legally and virtually free, by design.

We believe that the problems that come from conventional money can be resolved with open money systems.

- where conventional money is scarce and expensive, the new money is sufficient and free.
- where conventional money is created by central banks, new money is issued by us, as promises to redeem - our money is our word.
- and where conventional money flows erratically in and out of our communities, creating dependencies that are harmful to the economy, society and nature, the new complementary money re-circulates, enabling business and trade.

So let's fix the money problem and for the rest of the problems that we face in our world, let's see what follows." (<http://openmoney.org/top/omanifesto.html>)

Just imagine ...

- imagine having enough money, sufficient to meet all our needs.
- imagine a society and economy operating without any of the familiar monetary problems of poverty, exploitation, homelessness, unemployment, fear and stress.
- imagine a world where everyone can have work and pay, work and play.
- imagine clean air, water, and food - enough for all.
- imagine human society living in balance with the environment.

Too good to be true? Or maybe not? Maybe worth checking out?

These are our beliefs about open money, our ideas for developing open money systems, and our intent to act now to implement our beliefs...we invite you to sign on.

It isn't a mission statement for anybody or any body. The statements aren't owned by anyone or anything or intended to serve the interests of any individuals or organizations.

The purpose of the open money manifesto is self determined - it is inherent in its content.

- it isn't negotiated, nobody votes on it.
- it's not a matter of opinion, nor a political proposal.
- its validity is based on the sense it makes in and of itself.

The concepts of open money aren't owned by anyone.

The manifesto is an open set of ideas - the concepts are there for extension, development, refinement - we invite you to sign in.

The manifesto is an active document -

- it is a statement of observable evidence - there are problems with money;
- it is a process of design - the problems with money can be easily fixed;
- it is a declaration of intent - we are fixing them."

Progress Report, 2006

Commentary by Michael Linton:"The cc movement is imo still extremely limited in all respects except potential. Presently it is highly fragmented and in many areas completely out of touch with any useful realities that might take it into the mainstream, which is where it needs to be to make any difference. The primary problems are singularity and insularity - too many people trying to do "the right thing", looking for some perfect answer. On demo.openmoney.org there's a page - cc mpv - that covers this, and proposes a fresh direction.Open money in some contrast is agnostic on the particulars of this or that currency. We are interested only in the propagation of a network that enables all forms. One might think that form of initiative would attract support from most if not all sectors, but it's an indication of the fragmentation throughout the "community" that no such thing is happening. Yet."

More Information

- See the text of the Open Money Manifesto

- A talk with Michael Linton about his ideas at <http://www.gaianeconomics.org/linton.htm>
- More at <http://dev.openmoney.org/tiki-index.php> (link obsolete - archive of the page here (<http://web.archive.org/web/20050609031720/http://dev.openmoney.org/tiki-index.php>)),

<http://ccit.wji.com/tiki-index.php?page=ccDirectory> ,

- "You might also want to keep an occasional eye on the work in progress at <http://opencollective.org/>, which will be considerably more progressed over the next few weeks."
- Re-Inventing Money, [2] (<http://www.reinventingmoney.com/>): The mission of this site is to demystify money by presenting the best leading-edge ideas on monetary and non-monetary exchange. It is a resource devoted to the advancement of economic democracy, self-determination, and global harmony.
- The Digital Monetary Trust is an internet-based anonymous banking project, at <http://www.orlingrabbe.com/dmt1.htm>
- The case for `regional' complementary currencies, at <http://www.margritkennedy.de/english/articles/index.html>

See Also

- Common Good Bank, an initiative committed to sustainability and economic justice, and above all, to the advancement of the greater good.
- Resource Based Economy, a system in which money and barter serve no purpose.
- Monetary Reform
- Emissions Reduction Currency System

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