



A Monetary Innovation: Natural Resources Currency

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ABSTRACT

Financial system collapsing across the globe tends to question what is going so wrong and the way out. In the literature review of this paper Dr Margrit Kennedy's lecture is condensed where she predicted financial Tsunami in 2005 due to high interest rates and greed on which economy depends. This leads to a big question what should be done, answer is monetary innovation should be seriously looked into. There are many alternatives which are happening across the globe as live experiments. Few of these alternatives are mentioned in this paper. Even if these alternatives work with maximum of their efficiency still the issue of ecological crisis is not dealt with. Ecological crisis is much more severe than economical crisis. This research discusses alternative where nature takes the center stage in the economics. Where we don't depend on virtual money rather real and live nature with its abundance helps to search solutions where humans can co-exist with nature. The main rationale of this research is to search an alternative where we deal with ecology as source of exchange which will be real in time and space. From elementary Imagination a design of such system is visualized which can be understood by a game similar to Monopoly. So the outcome of this research will be a game on natural resources economics similar to monopoly for age group

16 and above. The purpose of this research is to create a dialogue on alternative economics.

I. INTRODUCTION

Until now all the monetary innovations so discussed addresses the problem of financial and social well being of humans as civilization. Even if all of these work to our maximum efficiency we can only live for two hundred years because they fail to bring into focus the environment. We need a system along with all these systems where nature takes a center stage and human growth is controlled by nature. **Natural Resource Currency** appears to be child like imagination, I'll try to justify the concept in relevance to present monetary Innovations then discuss the different possibilities. Due to unlimited growth and virtual money our existing monetary systems failed. With climate warning gearing up something new as well as grounded and real needs to be developed. Hence the concept of natural resource currency gives the controls of growth in the hands of earth.

II. LITERATURE REVIEW

I got the opportunity to attend the lecture of Dr Margrit Kennedy in 2005 at Infra Doors 8 where she gave three reasons of financial failure.

First misconception is interest and growths are forever increasing hence exponential. In fact earth lives in limiting surroundings. In nature we grow for few years until teenage and then stop growing till decay. There is no exponential growth in nature. This exponential growth in finance is burdening our limited earth resources to such extent that drastic measures need to be taken.

Next Misconception is Transparency misconception even if we have not borrowed we end up paying 40% as interest in goods and services

Finally she suggests the third Fairness misconception where we think there is equality, (directly quoting from her lecture (Kennedy, 2005)) "Comparing the interest payments and income from interest in ten equal parts of 2.5 million household in Germany, this figure shows that 80% of population pays almost twice as much as they receive, 10% receives slightly more than they pay, 10% of population receives more than twice as much interest as they pay, that is the share of first 80% loss. This illustrates one of the least understood reasons why the rich get richer and poor get poorer."

Result of these misconceptions are continual inflation which she explains as the majorly caused by interest rates, Dr Kennedy further suggests if we could abolish interest we can abolish inflation. Second result as explained is, interest system leads to uneven growth. System depending on exponential growth leads to monetary instability predicting financial tsunami in 2005, which we know started to appear since 2008. So we need to do something about it hence thinking of new economics or monetary innovation. Dr Kennedy didn't leave us in so much of despair; she left some hope by further informing about monetary innovations

happening across the globe which are resolving some of these disparities.

- Interest Free money Worgl example
- JAK Members Bank: Interests free saving and loan systems
- Complimentary Currency
- Sectoral Currency (Examples Samber, WIR system, Fureai Kippu.)
- Regional Currency (Roland, Chiemgauer, Kirschblute)
- Reasons for Regional currency (Kennedy, 2005)
- Partial decoupling from globalised economy
- Increased use of regional products and services
- Added value and surplus remains in the region
- Strengthening regional Identity
- New link between consumer and producer
- Reducing the need of transport and energy
- Community owns essential public utility.

These and many more such systems are new line of economics each of these systems need a evaluation and research. To validate the concepts of new economics or Monetary Innovations some of which are discussed below

This is how I began to understand monetary Innovations. Let us discuss about the present alternative currencies that we have presently being operated across the globe

- Complimentary currency
- Social and solidarity economics
- Credit Unions
- Slow money

III. COMPLIMENTARY CURRENCIES

These are those currencies which are alternative to main currency. Lot of literature can be found by the website complimentarycurrency.org. These currencies which are live experiments across the world can be characterized into following

LETS Local exchange trading system it's with the concept of sustaining local or currency wealth amongst the community or region.

Example: Bangali Paise its koru Bengali community business voucher in Kenya. The charge some membership fee and 3 guarantors' members for a membership by which we can take credit and give credit to other member community <http://koru.or.ke/bangla>

Time banking: considering time as currencies giving services in hrs and in return receive services in equivalent hrs. There is no money transactions involved. These type of banking is experimented live in most of European as well as American countries http://en.wikipedia.org/wiki/Time_banking

Talent or skill share where exchange of talents or skills learning happens. There are fairs of skill share.

IV. SOCIAL AND SOLIDARITY ECONOMICS SSE

These are practiced in Asia they are self help groups , microeconomics, policies for social development, fair trade network, informal workers , Social entrepreneurs and social enterprise <http://www.unrisd.org/unrisd/website/projects.nsf/%28httpAuxPages%29/93128CF1C037CFB9C1257B1D0054960F?OpenDocument&category=Think+Pieces>. Credit Unions these are cooperative

banking where there are no stake holders it's just members planning, deciding and working

Ecological Democracy in economics very well explained in the book by Ashish; [Churning the earth] The term new economics involves terms like economics of happiness rather than GDP. The proceedings from the 3rd conference on Economics of happiness is yet to be published,

IV. RATIONALE

On elementary analysis it is observed, Natural Resource Currency has following salient features. The main motive of this research is to prove these observations

- Real in time and space. If nature is considered as wealth then trees, rivers , animals etc all will considered as wealth since they exist in real time and space as the vouchers representing them will also be real. For example a Bunyan tree coupon will give the information of location of the tree and standardized valuation as long as the tree last thus it will be real in time and space i.e. existing in certain part of world and for certain time.
- It tends to act as limiting factor for exploitation of earth's resources. The fact that in cutting trees the currency is destroyed, were as if a tree is planted the currency is gained. Since earth has limited land and drinking water either we destroy it or save it
- **People's Money:** It is minted by people in real time and space. People can mint it as in nursery's or animal farms. It is more democratic than the present currency that is minted by government in a hidden place.

- **Protects extension of species:** Natural resources that get to extension will be more expensive as currency.
- Helps reforestation As people become richer in Natural currency there will be more trees and forests, rivers mountains etc will be bank.
- Supports biodiversity
- Makes currency a knowledge resource

Design

- This System takes all the natural resource from tree, animal plants, water, river, mountain, sea etc as wealth.
- Coupons quantifying the particular natural resource under some standardized value. Standardization will involve many factors as medicinal value, rarity, in terms of water purity, use, taste etc.
- These coupons (natural resource currency) can be exchanged for plants, trees, animals, fruits, seeds etc also for conventional money.
- These coupons can be minted by people in animal or plant nursery hence people's money.
- As land on earth is limited therefore either the land can be used for construction purpose such as mines, cement building etc or preserved as natural resource currency. Therefore it limits the growth or promotes alternative construction as mud houses etc since land can be converted to forest after use period,
- It will support nonconventional modes of transaction as in barter system etc
- Currency that can last a millennium

Method

This research appears to be hypothetical but it can be developed like monopoly game where people play and get an insight whole new world of economics. I don't want to validate it rather by sharing this insight it may become into people movement. As the people join they may be able to make their own version adding their thoughts, views, and dreams. This game will not have hard and fast rules but a direction where a new world of economics be perceived for this research we can consider a wildlife sanctuary as live experimental sight, forest live data can be requested for developing the simulation. The range of players would be from Tribal's, Economists, and Environmental Activists, etc. It has to be easy game as tribals involved may not be educated.

Significance

From this research a new direction towards ecological co existence comes into picture. This research converges, the two ends of economical growth and ecological co existence. This may not be the best solution but definitely points the direction towards new horizon. A new economics will be developed where ecology controls the economics. Hypothetical outcome will be that earth will be greener space and life style changed to adjust with forest and plant life. Human will no longer be in race of competing the nature rather complementing it.

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