5

Money

'Money makes the world go round—but in ever-diminishing circles'

Frances Hutchinson

Green economists have differed in their approach to money and its role in a sustainable economy. There is overwhelming agreement that the existing money system is destructive and particular revulsion from the 'casino economy', which is how the international financial system is frequently labelled. However, on deeper issues of monetary reform and the social and economic roles of money there is some divergence of views.

James Robertson has again been a pioneer in linking the broader agenda of financial and monetary reform to the central concerns of green economics. His view is that the money system is perverse because of its responsibility:

- for the systematic transfer of wealth from poor people and countries to rich ones,
- for the money-must-grow imperative that compels people to make money in socially and environmentally damaging ways,
- for the diversion of economic effort and enterprise *towards* making money out of money and *away from* providing useful goods and services,

We can draw from this succinct critique a structure for this chapter. The following section explores the way the money system creates inequality between rich and poor within nations and this is followed by a section discussing how a similar process operates at the international scale. The following section describes the direct link between the nature of money creation within a capitalist economy and the growth imperative that leads to ecological destruction. The penultimate section explores the negative impacts of the financial system in its diversion of energy away from useful ends and towards the accumulation of wealth, and discusses the impact this system has on all our livelihoods. The last section then discusses positive responses to this critique in terms of community currency systems that have grown up around the world, many of them the result of work by environmental activists.

[a]The Politics of Money

Long before there was concern for the survival of ourselves as a species there was criticism of the money system and the way it was linked to the work system to cause inequality and poverty. Both Robert Owen and Karl Marx subscribed to the labour theory of value, which identifies how capital is accumulated from the difference between the use value of a product and its exchange value. The use value is effectively the value of the inputs plus the labour expended to make the item; the exchange value includes the profit from trade. During the nineteenth and early twentieth century this explanation was given for the existence of poverty during a time of economic boom. This was a moral critique but an ecological critique along similar lines could be made, since the surplus value extracted puts unnecessary pressure on the planet. In Gandhi's famous phrase: 'The Earth has enough to satisfy the need of all the people, but not for satisfying the greed of some'.

Owen's solution to the labour theory of value had two sides: one was the co-operative system which enabled the balancing of production and consumption; the other was the abolition of the existing money system and the substitution of a system of monetary exchange based on labour value. Rather than an arbitrary currency, whose creation and value was determined by rentiers and bankers, working people should exchange with each other by valuing their goods in terms of the labour invested in producing them. Owen's National Equitable Labour Exchange, established in 1830, first at Gray's Inn Road but soon after moved to Charlotte Street, facilitated exchange by working people of the fruits of their labour. The scheme was an instant success amongst producers, and it has been estimated that perhaps a thousand artisans were involved in the Exchange. The medium of exchange was the 'labour note', which related directly to time, so that people were trading in terms of the time they spent making items, equating use value and exchange value.

—Insert Photo 5.1. Labour Note as used at Owen's Equitable Labour Exchange—

The work of two economists has been crucial in updating and propagating this critique: Michael Rowbotham and Frances Hutchinson. Hutchinson explores the relationship between the growth of trade and the growth of the modern, debt-based money system which 'placed production of goods for the market onto a production-for-profit basis, revolutionising the relationship between manufacturer, worker and consumer'. She links this system of bank money directly to the falling share of production going to labour throughout the following two centuries and to the displacement of all other values including 'socially and ecologically useful work like tilling the soil, preparing the food, making clothes and tending the sick' which are 'undervalued and poorly paid'.

This is an argument shared by most green economists and one which links with the critique of the money system on the basis of inefficiency, i.e. wasting productive labour, outlined below. As made by Mellor, Hutchinson and Olsen, however, it is an argument about provisioning which relates to the green attitude towards work outlined in Chapter 4. As they argue, the capitalist economic system is peculiarly dedicated to translating all values into monetary values:

> The temptation to convert the human relationship with the land and its people into a money relationship is not new, dating from at least biblical times (see, for example, Amos 8: 4-7). However, capitalism has successfully overcome dissent to its extermination of all but money values by devaluing local and home production of the basic necessities of all aspects of life.

This narrow method of valuation pressurises activities not included within the market economy, primarily caring activities, but it also eliminates the possibility of preserving all aspects of life which cannot be monetised, primarily the value of the planet itself.

Rowbotham's work also focuses primarily on debt, especially mortgage debt which is the 'grip of death' in the title of his 1998 book. From his perspective this debt is the cause of the most pressing ills of modern society, from the failure of public services and forced economic growth to the ever-increasing emphasis on competition and the poor quality of consumer goods. Rowbotham identifies the inflation of house prices in the economies with the highest levels of capital accumulation as a mechanism of facilitating debt-based money creation. He shares the common green critique of a money system based on debt, that it causes personal and planetary servitude:

The creation and circulation of money requires permanent debt. And so long as we are in debt, so are we bound to paid employment. No matter how much we produce, no matter how efficiently and cheaply; no matter how much mass-production and cost-cutting is undertaken, overall we must be in debt. The money supply demands it.

In terms of practical responses to the inadequate and unjust monetary system they have criticised, green economists are fairly consensual in their call for a political solution. The most resounding call is for the democratisation of the money system. Why should something so fundamental to economic life as money be left under the control of unaccountable banks? Should it not be the case rather that money, as a social construct, be under social and political control:

In a democratic age one would expect money, created in official currencies as part of a national or supranational money supply backed by governments, to be created by professionally independent central monetary authorities (like the European Central Bank) and given to governments or international government agencies to spend into circulation on public purposes.

[a]Money and Global Injustice

While the consequences at the national level of the existing money system are focused on the way it generates private and public debt, its instability and the way it creates a squeeze on the social aspects of the economy, in an international context green economists criticise the money system for its role in stimulating conflict and creating massive inequality between nations.

The international financial system is complex and closely interrelated with the system of global trade. The relationship revolves around the system of reserve currencies—the dollar, euro, yen and pound sterling—which countries are prepared to accept from one another, or from third countries outside the charmed circle, in settlement of external trade balances. This system clearly gives the countries that control these currencies a huge advantage in trade terms, especially the US, which negotiated that its currency should have the supreme advantage of being acceptable alongside gold as the international reserve asset during the Bretton Woods negotiations that established this system at the end of the Second World War. Although at that time the US undertook to maintain gold reserves to support the dollar, this agreement was unilaterally suspended by President Nixon during the Vietnam War in 1971, meaning that since that time, the US has been in a situation where it can print dollars and then exchange them for imported goods at virtually no cost.

—Insert cartoon 5.a. Polyp cartoon of debt—

The system has not worked entirely to the advantage of the US, since it is the explanation for that country's vast and growing debt. However, for US consumers it has been a bonanza. This is one side of the critique shared by green economists, since the ability to suck in consumer goods has led to unprecedented levels of consumption at huge environmental cost—a level of consumption that has then been followed by the other countries of the world. The other side of the critique is the poverty generated in the countries that are forced to sell their labour and their resources to support this level of consumption by the citizens of the countries with power within the global financial system. The only way they can finance their own development is through borrowing from Western institutions and then repaying these loans, increasing yet further the gap between rich and poor countries (see Figure 5.1) Green economists would argue that we can never 'make poverty history' without renegotiating the terms of the Bretton Woods settlement. It is for this reason that writers such as Ann Pettifor have turned their attention from campaigns like Jubilee 2000 to an intellectual critique of the global money system: 'IMG and creditor-led policies . . . encourage low-income debtor nations to expert raw materials, undermine subsistence agriculture and local businesses, and turn their societies into markets for imported food and irrelevant consumer goods.'

—Insert Figure 5.1. Total external debt in developing countries, 1985-2002 near here—

Why should this matter to green economists? There are three reasons: first it is unjust and immoral that a politically constructed money system can cause death and suffering to the majority of the world's population while those who control this system live in luxury. Secondly, because the system is based on competition between nations rather than co-operation it is a major source of international tension and war. Thirdly, the need to generate money to repay debts caused by the global system, just as in the case of national economies, forces the poorer nations of the world to over-exploit their natural resources to earn export revenue.

Rowbotham calls for a return to the policy of the Bancor, proposed by J. M. Keynes on behalf of the British government at Bretton Woods. Such a system would create a new non-aligned currency (Keynes called it banc-or or bank-gold) to be used for settling external debts. The trade system should be established with the aim of achieving balance between nations, with fines for those displaying trade balances or trade surpluses. Modern developments of this proposal include the suggestion that the international currency be linked to land or be created as an EBCU (environment-backed currency unit) and issued in combination with a system to limit carbon dioxide emissions. More pragmatically, many countries are now switching their foreign reserves out of the dollar and are choosing to trade, especially to trade oil, using euros. Countries such as Iran and Venezuela have arranged alternative systems for settling their external trade balances. The countries of Latin America are rapidly repaying their debts to the IMF and World Bank, threatening to bankrupt those organisations which rely on debt repayments for their survival.

[a]Money Creation: Financially and Ecologically Unstable

In these first two sections we have seen green economists providing vehement critiques of the consequences of the existing monetary system. It seems appropriate now to delve a little deeper into the theory of money creation. As became apparent as a result of the global credit squeeze in the summer of 2007, and especially in the UK following the crisis at Northern Rock, the system by which money is created by banks is only hazily understood, including by politicians and financial journalists. This is one area where green economists have been ahead of the public debate, at least in terms of asking questions about how money is created and how this relates to the growing level of debt, and the pressure this creates for continuing economic growth.

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Box 5.1. *Traditional Money in Vanuatu*

Inhabitants of the pacific island of Vanuatu are spurning the global economy and returning to traditional means of monetary exchange including pigs, pig tusks, woven grass mats and sea shells. The move began in 2005 when the National Council of Chiefs decreed that the 'bride price' paid by young men on marriage had to be made in goods rather than in cash. The country's Prime Minister Ham Lini declared 2007 the Year of the Traditional Economy, supporting the 80 per cent of the country's 210,000 people who grow their own food. The campaign to revive the traditional economy takes place in the face of climate chaos (Vanuatu is low-lying and threatened by inundation) matched by threats to the social fabric created by the lure of material wealth and the globalised economy. The turn towards a simple life was part of the reason that Vanuatu was nominated the world's happiest country in the New Economics Foundation's Happy Planet Index for 2006.

Source: Squires, N. 'Content islanders reject capitalism for traditional trade', *New Zealand Herald*, 12 December 2007.

[!box ends]

The clearest account is provided by Richard Douthwaite, whose short volume *The Ecology of Money* explores the history of money creation and makes clear the instability of the present money system, where commercial banks are permitted to lend money to the public, which then accrues value to the banking system as a whole.

> For instance, about 97 per cent of the UK's money supply is created by commercial banks more or less out of thin air as interest-bearing (profit-making) loans . . .The banks in the UK make about £20 billion a year in interest from this arrangement. . . . The money supply created in this way is not linked to real resource use or to the amount of goods and services in the national economy—it is based entirely upon the banks' commercial judgement about the ability of an individual or an enterprise to pay their loans. The more money there is, the more debt there is; as the money supply increases, so does a nation's indebtedness.

Such a system is clearly unstable, since the failure of one of the forms of 'financial instrument' held as collateral, such as mortgages granted to those without the ability to make their repayments, can threaten to bring the whole global financial system down like a house of cards.

—Insert Photo 5.b. Polyp cartoon of money creation machine near here—

But green economists have an additional concern with the unbalanced nature of the debt-money system. They argue that a system which creates money by creating parallel debts is necessarily imposing a pressure to increase economic activity, since the holders of debt need to work more hours to generate cash to repay it: 'the growth imperative imposed by the debt-money system is a positive feedback mechanism—a vicious spiral'. A steady-state economy, by contrast, would require that the amount of money in circulation had a relationship with the amount of economic activity. For conventional economists this is not a problem, since they understand monetary creation as a mechanism to encourage economic growth, which they favour. The reality is that the growth in money is vastly outstripping the growth in the real economy (see the illustration of the relationship between these two in the UK in recent years in Figure 5.2). Even were this not the case, the positive attitude towards growth shown by neoclassical economists is only possible because their theories exclude 'externalities' such as pollution and resource depletion from their model of the economic world.

—Figure 5.2. Growth in broad money (M4) compared with growth in the economy —

A third concern is with the unaccountable nature of banks and the loss of control over the money system, which is a fundamental function within a complex democratic economy. For most green economists money should be spent into circulation by democratically elected governments, rather than loaned into money by private businesses known as banks. This would also address social issues, since it would enable governments to pay for public services directly, rather than having to find this money indirectly, via taxation of incomes or businesses.

[a]How Money Wastes People

A standard critique of the capitalist money system which is shared by most green economists is that the money that is available tends to be sucked into areas of the economy that have little social value, leaving some of the most important aspects of life marginalised and under-funded. Harmer refers to the areas of the economy where money accumulates as 'upper circuits'. They include specialist consumption backwaters, such as the markets for yachts or fine art, as well as a whole range of speculative investment markets, which these days swallow up the majority of financial transactions. This explains the weak relationships between monetary growth and growth in the real economy illustrated in Figure 5.2; it also explains why money is scarce for many individuals within national economies, as well as for governments seeking to invest in goods and services on behalf of the public.

Edgar Cahn uses the concept of *oikonomia*, the Greek origin of our modern concept of 'economy' and one which derives from the word for 'household', to draw attention to the importance of what he calls the 'core economy' as opposed to the market-based economic activities that dominate most people's lives as a result of the distortion caused by the money system. Cahn argues that the core economy is more efficient than the market economy in some of the most important areas of life: caring for children and old people and building a strong community. It relies on building self-sufficiency rather than specialisation; bases distribution on need rather than market power; and rewards psychologically rather than in money. The core economy suffers the impact of the 'externalities' generated by the market economy, which undervalues environmental costs and social benefits: restoring and nurturing the core economy will reduce this environmental impact. For Cahn the solution is a co-operative form of economic organisation he calls 'co-production':

> Co-Production economics necessitates a kind of ecological awakening about the non-market [or core] economy. It illuminates externalities that are as critical as those that threaten bio-diversity, deplete the ozone layer, pollute the air we breathe, and contaminate the water we drink.

A solution proposed by Cahn and shared by other green economists is that of time banking. Using the concept developed by Robert Owen nearly 200 years ago—although with no apparent intellectual link—time banking automatically equates the value of everybody's work and allows them to exchange labour and skills without having the exchange distorted by the dominant money system. Time banks have developed in numerous communities in the UK and US although to some extent they remain trapped in the 'core economy' as defined by Cahn, which is the marginal economy within capitalism. Thus, while it is possible for those within communities to built up supportive networks by exchanging services, and this has unquestionably greatly improved their quality of life, for most this is peripheral to their main livelihood.

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Box 5.2. *The Parable of the South African Talents*

Cometh the hour, cometh the complementary currency. When apparently logical man-made systems create obviously unnecessary suffering, humans can sometimes take a step back, spot the defect and correct it, starting at local level. So it is with the money system. Currently it is clearly cruel and dangerous, leaving millions of people out while trillions of money is hoarded and unstable bubbles of 'derived' money, debt and 'passive income' streams abound.

South Africa has one of the most sophisticated systems of trading through complementary currencies in the world, including widespread LETS systems. A nationwide alternative currency, based in Cape Town, is the Talent Exchange. Talents are traded in Cape Town between some 2,000 members. Talents are valued roughly equivalent to the national currency. Since 2003, when the system was set up, about 2.5 million talents have been traded—equivalent to R2,500,000.

The talent exchange operates like a bank but more rationally—and more transparently, since everyone's account can be seen by everyone. You can 'borrow' from it by going into deficit in your account; and you can hold reserves in it by going into credit. In neither case is interest involved. If your deficit gets too deep, other members will not sell to you until you recover; if you stay in credit for too long you are asked to start spending to keep the system lively.

On the Talent Exchange you can get a holiday cottage, your car serviced, compost, any number of health services, staff training of all kinds, office and home furniture, books, accountancy and computer services, gardening, home cleaning and repairs . . . you name it. Regular monthly trading days enable display of wares and communal activities. A network of talent depots is being established. There is also an overlap into the rand economy. Rand-rich but time-poor members can help rand-poor members with rands in exchange for talents.

Written by Margaret Legum, at SANE; Source: www.CES.org.za.

[!box ends]

LETS is another time-based local exchange system that was particularly popular in the UK in the 1980s and 1990s. Many of the UK's cities and towns developed computer-based systems for exchange of services and some goods, each of which took on a name with local resonance—bobbins in Manchester, beacons in Brecon, and so on. Research carried out by LETS-link UK in 1996 found over 450 schemes in the UK involving some 40,000 individual members. By 2007 the number had shrunk to around 300 schemes with LETS having passed its peak. The weakness of many of these schemes was that certain services were readily available, aromatherapy and dog-walking are the examples usually cited (!), while it was notoriously difficult to find solicitors or plumbers prepared to work for LETS money. In areas such as Stroud, where a wide range of business and professional services became traded through the LETS, interest from the Inland Revenue hastened the collapse of the system. LETS' major achievement in the UK context is to educate people in the nature of money and work; this is the central reason for the interest in such schemes on the part of green activists as well as green economists.

[a]Local Currencies for a Localised World

The justification for the creation of money by fractional reserve banking, i.e. more money than there are real assets to support it, is that it stimulates economic activity. While green economists are concerned to link this to a level of economic activity that the planet can sustain they are frequently in favour of the creation of money on a local basis, to stimulate local production and exchange. In fact many of the accounts of historical examples of money creation in response to shortages of cash are given by green-leaning as well as other radical economists.

The most recent flourishing of locally created currencies occurred, unsurprisingly, during the years of economic recession that occurred across the industrialised world between the two world wars in the last century. In Europe the leading inspiration for the issue of such local money was the German economist Silvio Gesell. German and Austrian local authorities issued money to the local unemployed to create employment on public works programmes. Due to a general shortage of cash these passed into general circulation and ensured local economic booms amidst generalised depression. Gesell introduced the concept of *demurrage* that is still popular amongst proponents of community currencies. It is a form of anti-interest, meaning that the money deteriorated rather than accumulating value over time, and had to be spent and validated in order to keep its value. Gesell's idea was to increase the velocity of circulation of the local money. The Chiemgauer is a contemporary money system that uses demurrage to ensure its rapid circulation (see the details in Box 5.3).

Box 5.3. The Chiemgauer local currency in Chiemgau, Germany

—Insert Photo 5.2. 'Chiemgauer note, showing the stamps that have to be added to keep its value over time' near here—

The Chiemgauer was launched in the Salzburg town of Chiemgau in 2003 and is accepted by around 150 shops and service providers including the optician and pizzeria. Chiemgauers to the value of 60,000 euros were spent in the first year of the scheme, which was started by a local economics teacher. To add credibility the currency is backed one-for-one by euros, which are deposited in a local bank before Chiemgauers are issued. They can be exchanged back but for a 5% fee. The Chiemgauer uses Silvio Gesell's concept of demurrage to increase its velocity of circulation. Gesell observed that part of the reason for the German deflation was that money was not circulating rapidly enough because people believed it would increase in value if they held on to because of its role as a store of value as well as a circulating medium. His concept of demurrage is like negative interest, so that money slowly loses its value over time, increasing the number of times it is spent in a fixed period of time. This is achieved by effecting a staged reduction in its face value over time. It has initial validity of three months, after which its value can only be extended by purchasing a stamp costing 2% of its value. Since it earns no interest there is no incentive to hoard or invest, meaning that the currency will instead be spent, increasing economic activity. Money generated from the extension and exchange charges is used to fund local social projects.

Similar systems of local money creation grew up in various states of the US during the Great Depression of the 1930s and were known as 'scrip issue'. Estimates of the amount of money created in this way have risen as high as one billion dollars with some one million people involved in the schemes. In desperation at the complete halt brought to the real economy as a consequence of the financial collapse on Wall Street, local authorities in Cleveland, Minneapolis and Oklahoma City, amongst others, issued circulating notes backed by their political credibility.

There appears to be a paradox generated by the interest on the part of green economists in creating local currencies when the purpose of those currencies is to generate more economic activity and yet at the same time one of the central axioms of green economics is the need to halt economic growth. The resolution of the paradox is the understanding that it is growth for the purposes of profit-making and capital accumulation that is being criticised. National money systems are pernicious not only because the growth they generate puts pressure on the planet but also because they generate economic activity with questionable social benefit—for example, the creation of an ever-expanding range of short-lived consumer products—while marginalising economic activities that society as a whole values more—such as childcare or nursing. If local currency systems can generate beneficial economic activity, and especially if they can substitute local economic activity for products made and transported in the unsustainable global economy, then they are a useful part of the green economist's toolkit.

Disillusion with the environmental consequences of the existing money system, as well as concern for its inequitable social consequences, has led community activists to devise a multitude of alternative systems of monetary or pseudo-monetary exchange:

Drawing from the early history of human civilization, and from recent developments, many communities are beginning to introduce new economic systems to enhance trade in local areas. . . Parallel currency systems attempt to balance the influence of an 'efficiency based' global monetary system with an 'equity-based' community economy, by issuing an interest-free currency with a value agreed to by the members as the medium of exchange.

Peter North describes a range of 'green currencies', meaning alternative money systems which are inspired to a greater or lesser extent by the prerogative of changing the way we interact with our environment. He gives the example of Kor (circles) from Hungary, which enabled ecological and social activists to extend the country's tradition of mutual aid or *kalaka* during the transition from state socialism to capitalism. (An brief account of New Zealand's green dollars is presented in Box 5.4) From the UK, North cites the example of LETS, which was frequently supported by environmentalists who saw it as a way of achieving social justice objectives as well as reinforcing local economic links. This connection has been strengthened recently by the Transition Towns movement, whose local groups in Totnes and Lewes have launched currencies to emphasise the importance of building strong resilient local economies as a bulwark against the insecurities brought by climate change. Seyfang makes the point in her more academic account of local currencies:

A key characteristic of resilience and adaptability is diversity. The challenges facing us across the globe demand action both to mitigate, and adapt to environmental, social and economic change. Arguably, a diverse range of systems of provision, extending beyond the confines of current mainstream institutions and into increasingly self-reliant and empowered communities, will prove the best defence against external shocks.

One of the most exciting examples of a community currency flourishing occurred in Argentina between 1995 and 2001, known as the Red Global de Trueque (RGT) or global barter network. The scheme was first set up in Buenos Aires by a small group of environmentalists, whose intention, as is the case with many involved in the community response to Peak Oil and climate change, was to stimulate local production and trade. However, following Argentina's financial collapse and the disappearance of money from the country, the community currency, which was now being issued as small notes called *arboles* (trees), became the main medium of exchange in the city. This led to an explosive growth of the currency, and the loss of control over its issue by the founding group. The currency also spread throughout the country and was supported by local politicians, desperate to find a response to the economic crisis. Without control of regulation, forgery was rife, people lost confidence in the currency, and it collapsed. It provides a fascinating example of how a currency issued by people for their own use and without support of any reserves, can provide a means facilitating exchange and in fact underpinning a whole economy.

[!box]

Box 5.3. *New Zealand's complementary currencies*

New Zealand has a widespread system of complementary currencies similar in design to LETS schemes with the differences that their value of these 'green dollars' is linked to the NZ dollar rather than to an hour of time and that they are exchangeable one with another via the Green Dollar Connections. The first systems were established in 1986/7 and by 1993 there were around 55 in existence across the country. This suggests a membership at that time of around 5,900 people; in 1996 the largest scheme—Auckland Green Dollar Exchange—had 2,040 members and was the largest alternative currency network in the world. Some of the systems were dominated by green activists; others were versed in the theories of social credit or based on religious motivation. The most successful provided 'observable material and psychic benefits' and 'worked for those whose livelihood strategy or philosophical, political or moral orientation was strengthened through membership of the network'. As in other countries, the New Zealand systems struggled with the amount of time spent in administration and some also faced problems with local tax offices, who were concerned that economic activity diverted from the national currency was leading to a fall in tax revenue. Much of the success of the New Zealand complementary currencies can be explained on the basis of the fierce economic pressures resulting from the rapid change to neoliberal economic policies in the late 1990s. In addition, their strong identification with green campaigns and the Green Party resulted in a politicised debate around their usefulness as well as their morality.

Source: North, P. (2007), *Money and Liberation: The Micropolitics of Alternative Currency Movements* (Minneapolis: University of Minnesota Press).

[a]Conclusion

Green economists have shown a strong interest in all aspects of monetary reform, from the concern for the way the reserve currency system creates geopolitical instability and global poverty to a critical stance on the distorting and inefficient nature of national money creation. Many of the most prominent green economists have also been involved as pioneers of their own local currency systems. In conclusion it is worth mentioning the ongoing division within green economics concerning the focus of effort in the arena of monetary reform. While the critique is fairly consensual, proposals for change differ.

Mary Mellor, Frances Hutchinson, James Robertson and Richard Douthwaite are in agreement that the target for policy effort should be the system of money creation itself. While they all support complementary currencies in the interim, they see them as just that: complementary currencies which should be replaced by a democratised and stable system of money creation. This is in contrast to other commentators, foremost among them being Bernard Lietaer, who portrays the monetary arena as a natural balance between bank money and community money, which he likens to the yin and yang of the financial system. Lietaer's target is not the nature of capitalist money; indeed he sees a role for complementary currencies because of their 'capacity to transform resources into capital', a capacity which would be problematic to more radical green economists. Mellor is critical of this approach which, to her and her co-authors, 'seems as if once more, as in many of the yin-yang analogies, the feminine is left to pick up the pieces.' As they continue:

> The limitations of such auxiliary currency proposals is that they are not framed within a fundamental criticism of mainstream economic theory and practice. While problems are identified, the global economy is seen as in need of reform rather than reconstruction. The capitalist market economy is not perceived as a mechanism that actually exists to destroy utility by converting it to worthless money. Also auxiliary money systems do not address the need for democratic control of property and resource access.

As Greens move into government in an increasing number of countries this policy difference may become more pressing. For now, the focus of green activists, whether in the world's ecovillages or the Transition Towns that are springing up as a community response to climate change, the focus is on creating alternative currencies now both as a means of facilitating the expansion of local economic activity and as a possible shadow currency in the event of the failure of the unstable global monetary system.