



THEME WORK

SUB-THEME:

Financial crisis, debt and alternatives

TITLE OF WORKSHOP

Degrowth, the financial crisis of public economies and local currencies



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DEGROWTH, THE FINANCIAL CRISIS OF PUBLIC ECONOMIES, AND LOCAL CURRENCIES

Maurizio Ruzzene, Associazione per la decrescita

Paper Abstract

Financial crises and increasing public and private debt intensify the exploitation of resources, especially labour, but can favour new forms of economic valorisation, more attentive to the environment, labour and people. Local currencies can play an important role in economic and political reconstruction: they can favour more responsible, shared and participated valorisation of the commons, they can develop alternative forms of finance for public economies and social services, and reconcile economics, political communities and environment.



OUT OF FINANCIAL DICTATORSHIP

Riccardo Milano, *Banca Etica*

Paper Abstract

Too much welfare?

Some European countries, namely the PIIGS (Portugal, Ireland, Italy, Greece and Spain) have lived beyond their capabilities. Too much welfare and too many social expenditures led to an increasing public debt. It is now time to impose some discipline over these “spendthrift” states, in order to force them to tighten their belts and put order into their public accounts. Markets, objective and impartial, are the best judges. The spread therefore becomes the benchmark for evaluating the reliability and the effectiveness of public policies.



TWO CHALLENGES FOR CREATING DEMOCRATICALLY ACCOUNTABLE LOCAL CURRENCIES TO COPE WITH UNVOLUNTARY DEGROWTH: LESSONS FROM ARGENTINA

Kristofer Dittmer, Institut de Ciència i Tecnologia Ambientals, Universitat Autònoma de Barcelona

Paper Abstract

Local currencies issued by civil society are often advocated by the degrowth movement as innovations that facilitate voluntary degrowth, but also as tools for coping with chaotic instances of involuntary degrowth, such as the present crisis in southern Europe. This paper provides a concise history of Argentina's barter networks, which attracted millions of participants during the economic crisis of the early 2000s, and recounts two explanations of how the barter currencies came to be largely privatized by a handful of individuals. This case is used to illustrate two challenges for the creation of democratically accountable local currencies under circumstances of widespread involuntary degrowth: the risk associated with the autonomist approach of not seeking state support, and the risk arising from the prioritization of deliberative democracy and community-building over economic effectiveness.



TACKLED ISSUES:

- Financial crisis
- Local currencies
- Argentinean way to degrowth after 2001 crisis
- Ethical finance & ethical banking
- Escape from casino-finance
- Value basis of money
- Is one hour of work the same for everybody?
- What logic of market do we want for local currencies? (not capitalism!)

GIVEN ANSWERS:

1. There is only one currency: equity
2. One hour is the same for all people (ex: doctors and farmers). The care of everything (each other, environment, politics) can solve problems and make people “work less and earn more”.
3. Meaning of Banca Etica: a cooperative society composed both by citizens and public entities.
4. The shadow banking is a group of private transactions that walk in parallel with authorized financial operations.
5. Speculation is an ancient word that has always been inside all economic systems. The real problem is the birth of “financialization” of economy, 40 years ago.



UNANSWERED QUESTIONS, MESSAGES & COMMENTS:

1. How do you imagine a system of local (and regional, and global) complementary currencies? i.e. how to exit from the logic of markets?
2. Don't you think that with local currencies we run the risk of commoditization of many activities that now are done "for free" or rather with reciprocity?
3. Could you address the following issues associated with the inaccuracy of attaching value to time:
 - Incentive to work longer than is needed (in order to get more time credits)
 - Failure in proper evaluation of work that requires long term training, e.g. medical training (1 hour of cleaning = one hour of heart surgery?)