



Regional Economic Communities

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A practical business paradigm which is viable in the long-term –

a concept worth living.

By Anna-Lisa Schmalz (main author) and Tim Reeves (co-author)

***Actively caring for our own
livelihoods – now and for the future:***

We jointly-own regional companies.

We use our own barter currency.

**We decide and act in ways that allow
us to *look forward to the consequences.***

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a concept by Anna-Lisa Schmalz (main author) and Tim Reeves (co-author)

Translation from the German original by Anna Reeves and Tim Reeves

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1 Regional Economic Communities: Overview

This paper presents a complete – and radically new – paradigm for regional communities, linking together commercial, sustainable and social aspects. It describes a means for normal citizens to jointly finance local, sustainably-run businesses and become their (part-)owners. It then introduces a market community with its own complementary currency, the Grok, which is independent of national currency and whose value is linked to the assets owned.

While apparently being a primarily economic paradigm, its essence and motivation come from a spiritual perspective and great value is put on interacting honestly and cooperatively with each other, and to supporting personal growth within a flourishing and caring community.

The external forms have been carefully designed to be practicable. In particular, there is no need to wait or work for political or legal change; this concept, adapted to your national law, works within the existing legal framework – you can start right now.

ACTIVELY CARING FOR OUR OWN LIVELIHOODS – NOW AND FOR THE FUTURE:

- **WE FINANCE AND OWN REGIONAL COMPANIES.**
- **WE USE OUR OWN COMPLEMENTARY CURRENCY – THE GROK.**
- **WE DECIDE AND ACT IN WAYS THAT ALLOW US TO LOOK FORWARD TO THE CONSEQUENCES.**

2 The intention for Regional Economic Communities

This paper presents a **concept** for a way of performing economic activities which puts the emphasis on cooperation and individual responsibility. It offers a variety of possibilities for businesspeople, freelancers and permanent employees, companies, citizens and investors to harness their individual resources, skills and knowledge within a larger context, yet without losing their autonomy in the process. The major design considerations were to:

- Safeguard the provision of basic needs in the future
- Further the causes of sustainability and long-term viability
- Make ordinary citizens participants and co-owners of local firms
- Make trade as local as possible, depending on the type of goods
- Establish an interest-free value-based local complementary currency
- Invigorate the local community – help people to know and value each other more
- Help people to take responsibility – for themselves, the region and the whole biosphere

A **regional economic community** is a tool for financing and linking together companies within a region which want to change the way their company functions to make it more viable for the future, and therefore more economical as well as socially and ecologically sustainable. It also takes part in non-profit projects which improve the quality of life within the region in a sustainable way.

The citizens, local authorities, institutions and corporations which take part in the regional economic community can monitor the effect of their financial investment in detail based on comprehensive reporting, the criteria of which are laid down during the general meeting.

The economic community also boosts regional economic cycles by establishing a marketplace for exchanging goods and services using an interest-free complementary currency which is independent of national money. Beyond the professional services and commercial offers, the market community also embraces private citizens offering neighbourly help, thus integrating all aspects of economic activity and furthering a "feeling of we" within the region.

The authors have built on the experiences and insights which they have gathered in their social and economic environments, as well as the unease they feel in light of the global crises. Their heartfelt desire is to offer a practical basis on which a shared learning process for a redesign of our life and work environments can take place – a design which is both empathic and viable for the long-term future.

3 Why we need Regional Economic Communities

The egocentric world-view is not viable in the long term, because its picture of the world is incorrect. This is because the basis of ones own life is shared with and made by countless other beings, or in the case of resources there is only a finite amount available. The egocentric view ignores these facts. It demands more than would be sustainably possible and thus destroys its own basis for life. We don't need to look far to be able to see that humanity is moving fast towards such a fate.

The only attitude which is able to survive in the long term is that which puts the well-being of the community of all beings on this planet foremost, actively cares for them and *takes responsibility* for this goal.

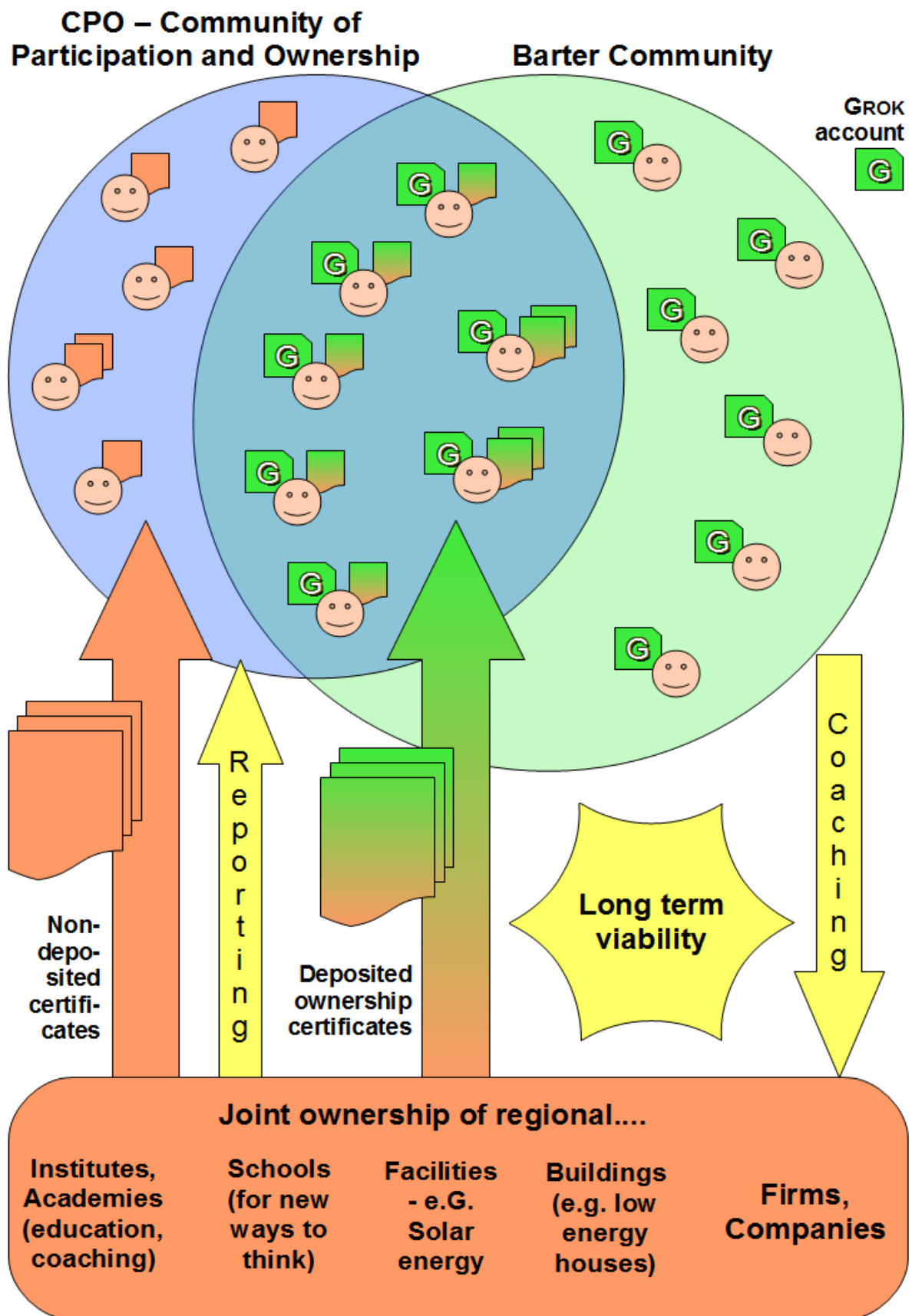
A global way of thinking leads to local action. The Regional Economic Community was devised to put these insights into practice without having to work and wait for a political process. It consists of a Community of Participation and Ownership (CPO) and a market community which builds upon the assets of the CPO. It invites all the citizens within the region to step back fully into personal responsibility, in both economic and interpersonal respects, and *provides the tools required to do so*.

Each economic community is focussed within a particular region, in order to strengthen the interpersonal community there, keep transport routes short and aid the independence from global imponderabilities. Sustainability and Long-term Viability have been the basis for the development of the concepts presented here – in order to guarantee and fairly distribute our common basis of life.

The decisions made by the citizens participating in the economic community have an immediate effect on their economic welfare, as well as on their immediate social and ecological environment. Furthermore, by helping people to act with more personal responsibility we lighten the load of other regions of the planet, because we are less dependent on their resources. Thus a free and fair global trade can develop.

A learning process begins, which contributes more and more towards economic activities and a way of living together which are viable for the future.

4 The Regional Economic Community at a glance



- The CPO – Community of Participation and Ownership – allows citizens, regional investors and local companies to become part-owners of local firms, properties and institutes which are committed to sustainability and long-term viability.
- Sustainability and long-term viability are indispensable key concepts in the design of the CPO. The CPO only acquires full or partial ownership of companies which actively and continuously strive for more ecological, economic and social sustainability. Coaching and reporting ensure the implementation.
- There are CPO shares with and without voting rights, but one legal or natural person can only have one vote at the general meeting. The owners of shares with voting rights share part of the responsibility for the way business is performed in their area.
- The market community encourages both professional market trades and neighbourly help, both of which are remunerated in Groks, the complementary currency of the market community.
- The Grok is a secured user-issued currency – something of value *must* be given or deposited in order to create Groks. Thus users of the Grok can have **well-founded trust** that no debt can be defaulted on – if need be, deposited securities will be called in.
- The foremost type of security which can be deposited for a Grok creation facility is shares in the CPO. Any number of CPO shares can be deposited with the market community. For each share deposited the account holder gets a fixed increase of her creation limit. Deposited shares cannot be sold.
- Any local citizens (and firms) can open a Grok account without a creation facility. In this case, they can only spend the Groks which they have first themselves earned within the market community. However, various methods have been foreseen to provide sufficient liquidity of Groks.

5 Preliminaries

The concept is intended to serve as a basis for discussion. It can be used whole or in part to found regional economic communities. It may be developed further and modified, and should not be seen as a rigid framework which can only be put into practice in the way described and no other.

At some points, the concept requires re-thinks of the readers which might seem like too much to ask from a person. We know well from personal experience that this may unintentionally trigger pre-existing negative associations. We ask our readers to see this as a positive sign and as an invitation to dismantle belief-patterns of enmity and dissolve the associated negative images.

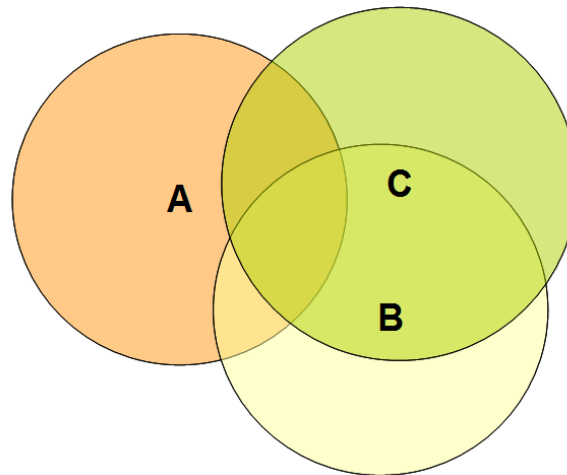
Since we have named only men in the acknowledgements, we use the female form where both men and women are meant in the following text, to improve the balance – and because it describes the concepts of a feminine mentality which we so desperately need.

6 Terminology

The terms most necessary for understanding this paper are briefly explained in this chapter.

6.1 Region

The region is defined here as a catchment area of 40 kilometres (25 miles) around the headquarters of the Regional Economic Community. The regions of different regional economic communities may overlap.



6.2 Sustainability

The following text is a translation of an excerpt from the German article on sustainability ([Nachhaltigkeit](#)) on Wikipedia:

The concept of sustainability describes the usage of a regenerative system in such a way as to maintain its essential properties and such that its resources can replenish naturally. [...]

The term sustainability is commonly understood to be made up of three components, which are also called the three pillars of sustainability.

- **Ecological sustainability** describes the goal of maintaining nature and the environment for future generations. This includes the conservation of biodiversity, prevention of climate change, looking after the countryside in its original form as well as generally a considerate handling of the natural environment.
- **Economic sustainability** makes the postulate that the economy be designed such that it may offer a permanent and stable basis for yield and affluence. The protection of economic resources from exploitation is of special importance.
- **Social sustainability** understands the development of a society to be a path which enables participation of all its members. This includes a balancing of social forces with the aim of achieving a society which is [...] permanently worth living in.

6.3 Long-term Viability

A society which is viable for the future ensures that its members can reliably and permanently satisfy their needs and at the same time develop and grow as people. A company which is viable for

the future sees itself as part of such a society and ensures that it can permanently supply an amount of products which remains as stable as possible.

Long-term Viability includes sustainability, but goes beyond it. A non-sustainable economic activity uses up resources without caring about how they are created. Such behaviour can therefore not be viable in the long-term.

Besides the social, ecological and economic sustainability, the concept of long-term viability includes **resilience** against possible crises. A company is resilient in this respect if it can endure setbacks in any area without being forced out of business.

An example: A grocery store can be sustainable in all three areas by generating its own energy via solar panels or wind turbines, offering only organically produced products, paying its employees a fair wage, etc. If it is however dependent on deliveries of goods which are transported over long distances via lorry, then it is not viable for the future. If the deliveries fail to appear for whatever reason, then it will be sold out within days. It then has no future.

The criteria for viability for the future change continuously as the awareness of this topic grows. This **learning process** is a part of the viability for the future. It develops and unfolds in the exchange between providers of financing, employees of the community of participation and ownership and the companies who have joined it, external experts and the general public.

Important prerequisites for this learning process are **transparency** and **simplicity**. The learning process can only be effective if the successes, failures, prerequisites, aims, assumptions and risks are communicated openly and as simply as possible.

Transparency also creates **trust** and furthers **cooperation**. If for example salaries, wages and business profits are laid open, then an unfair remuneration is not possible. When objectives and needs of companies, employees, suppliers and consumers are openly debated, a genuine cooperation between all parties involved can develop.

6.4 Market

We use the term market to imply the exchange of goods and services without the use of state money (legal tender). Private persons, self-employed people, businesswomen and companies can all become members. Note that this is very different to a shop, since each trade requires prior individual agreement by both parties.

All members of the market community get an account whose currency is the complementary trading currency Grok. The consulting service which Ms. Smith has provided to ABC PLC is paid for by ABC PLC through a transfer of the agreed amount of Groks onto the account of Ms. Smith.

The Groks do not exist as physical cash – there are no notes or coins.

6.5 What you can do with money

Helmut Creutz, and many others, distinguish three different basic functions of money:

1. Money as a tool for trade exchanges
2. Determination of the value of products and services in units of money
3. Money as a means of storing value

The function of money as a tool for trading conflicts with the function for storing value. As a trading tool the money has to stay in circulation, whereas it is taken out of circulation for storing value.

In the Regional Economic Community, the shares (holdings) of The CPO – Community of Participation and Ownership – serve as storage for value, while the complementary currency Grok serves the needs of the market community as a means to exchange goods and services.

6.6 Complementary Currency

A complementary currency is a currency which complements the state's currency system. The intention involved in the creation of a (complementary) currency determines its construction.

The state's currency serves the processing of business transactions in a competition-oriented "free market" (yang) economy. It is scarce by design, since the interest needed to fully repay a loan is never created, the banks can always only lend the principal sum. Thus money capital is in the foreground of the competition-orientated economy.

A complementary currency is used for market transactions in a cooperative (yin) economy which puts the social capital in the foreground. It is intended to support society and there should always be enough available. In order to keep the means of exchange readily available, many complementary currencies are defined as mutual credit systems and equipped with a circulation safeguard (demurrage).

The complementary currency suggested in this concept, the Grok, uses a demurrage – but is not a classical mutual credit system. It is a user-emitted and secured currency, which comes into existence only when linked to deposited securities (e.g. previous investments in the CPO).

6.7 Distinguishing the Concept from Cooperatives

As the first implementation (in Munich) got under way, there was quite a lot of confusion between the Concept (as explained here) and the Cooperative. Both had websites, but the concept website was the one which people had bookmarked. It proved an uphill battle to get people clear on where to register for the general newsletter and where to find out about the Cooperative.

To save you this "hassle", we suggest using a clear and distinct way of referring to each right from the start:

- Concept: Regional Economic Communities
- Cooperative: **ReeComm**

Then people can say "I've just joined my local ReeComm", and "It's a Cooperative based on the concept of Regional Economic Communities".



The logo of your cooperative could for example look like this – or anything else you may prefer.

We've also secured some internet domains based on these suggestions and will be glad to provide you subdomains if you wish.

7 Introduction

7.1 Conventional economics

We live and work within a system of economics which encourages us to amass personal wealth. Since only a few are able to possess significantly more than the average person does, one has to be better or quicker than the “contenders” – which is usually called competition, or even rivalry.

Conventional economics uses social and ecological resources to make the highest possible profit in the form of money and private property. To this end it orients itself by the globally available resources, in order to be able to produce in the most cost-effective way. The results of this are, among others, competition for dwindling resources, dependency on suppliers scattered all over the globe, rising unemployment, aggressive marketing, the addiction to status symbols, a lowering of the quality of life, etc.

Most companies nowadays are structured according to a predominantly male way of thinking: The employees are expected to follow the brief orders of their superiors. The background of decisions is usually not adequately explained. The main responsibility lies with the bosses. Although the employees have a clear opinion about certain working processes or products, they do not (get to) voice it. The idea of employee participation tends to have a negative connotation. The bosses of such companies work more than average hours and don't always feel up to their responsibility – although they often try to hide this because they see it as a sign of weakness.

7.2 A sustainable way of doing business

A Regional Economic Community orients itself equally to economic as well as social, ethical and ecological values. Economic action for example should take the global view into consideration, support the social life of the community, set off learning processes and be ecologically sound. All human beings, those currently alive as well as future generations, benefit from this way of performing economic activity, in the form of a higher quality of life.

A Regional Economic Community adopts a predominantly feminine way of thinking: The reasons leading to important decisions should be communicated clearly, so that others can understand the logic and contribute their own insights and doubts, as appropriate. This in turn allows each worker / participant to fulfil their role responsibly – no one should be able to say “I knew better, but I had to follow orders”. The intelligence and creativity of all involved is needed in order to achieve the maximum potential of sustainable products and manufacturing methods. Further, since all are now involved in having ideas and reaching decisions, no individual need suffer from burn-out. This principle of transparent justification of decisions applies within and between companies, and extends to the general public (or at least to all members of the CPO).

7.3 Goals of a Regional Economic Community

- To ensure that everyone's basic needs can be met by regional companies
- Active participation of as many citizens as possible in these regional companies
- Actively assisting these companies to work in an increasingly long-term viable way
- Strengthening of community and accepting of responsibility for co-determination and co-design of regional economic cycles

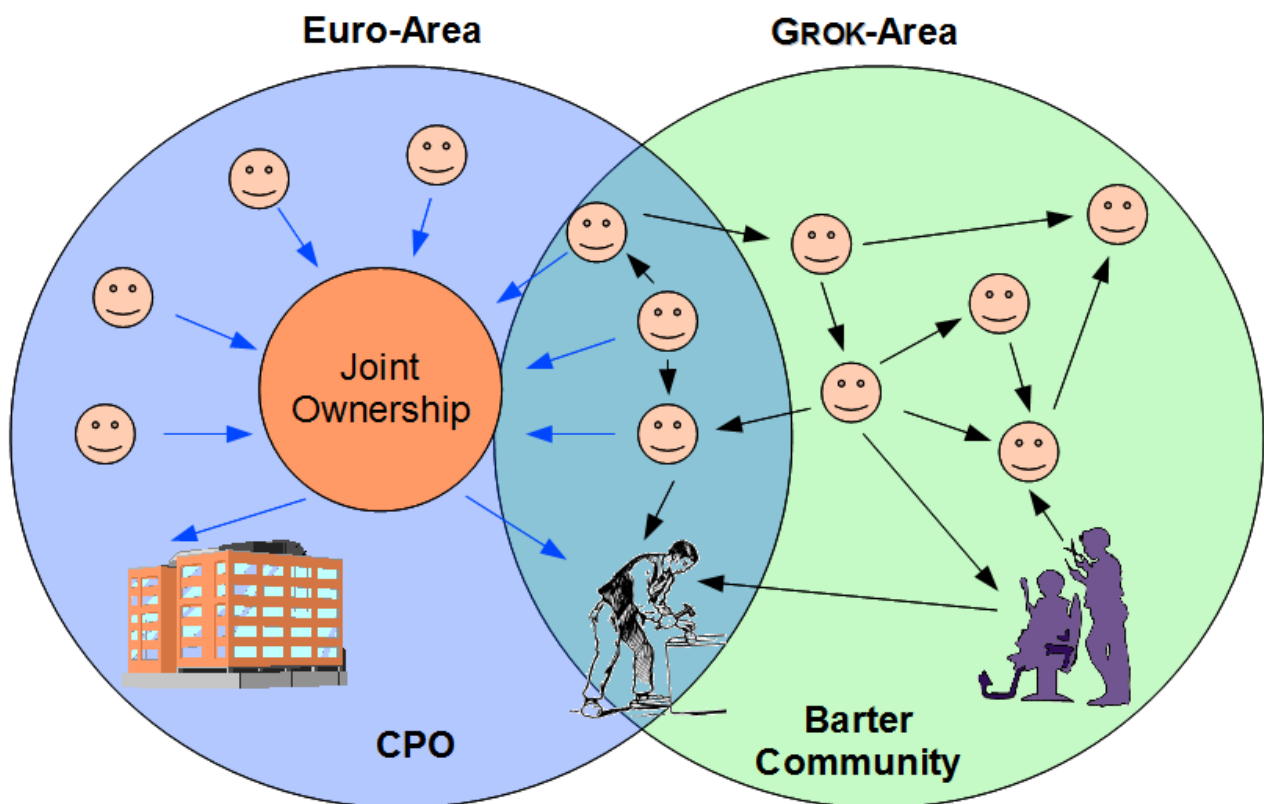
- That more and more people think critically about the (social and ecological) values which mean quality of life for them and act accordingly
- That more and more people think about what sustainability and long-term viability really mean and imply
- Long-term financial investment in sustainably operated assets (firms, institutes, facilities)
- Reduction of dependency on the Euro / Pound / Dollar, which are burdened by interest

7.4 Structure of a Regional Economic Community

Achievement of the previously mentioned goals is attained through a Regional Economic Community, which consists of a Community of Participation and Ownership (CPO) in combination with a Market Community.

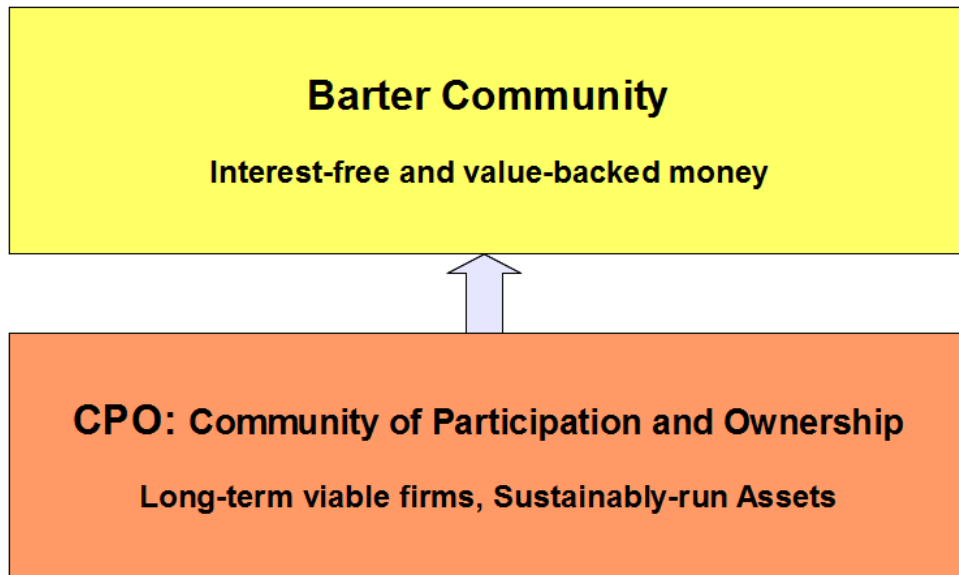
The **Community of Participation and Ownership** aims to spread ownership of local businesses to as many local citizens as possible, whereby the businesses will be run in an increasingly sustainable (and transparent) manner by qualified manageresses. Private and institutional investors, preferably from the region, can become joint-owners in these companies by acquiring corresponding certificates of the CPO – either by purchase using national or complementary currency, or by contribution in kind or services.

The **Market Community** uses a complementary currency to boost regional economic cycles. It enables the private and commercial exchange goods as well as professional and neighbourly services, without being dependent on money provided by the state. The trades are remunerated in the market currency Grok. The same laws and tax rules which apply to conventional purchases also apply to such trades.



The CPO and the Barter Community complement one another.

The deposition of value titles underpins the value of the complementary currency. One type of value deposit is the "joint-ownership certificates" of the CPO, so the complementary currency is in part value-linked to the sustainably operated assets. The possibility made available through the market community, of exchanging goods and services without money provided by the state, again encourages the companies to do business in a more long-term viable way.



8 The CPO – Community of Participation and Ownership

8.1 Mission and Goals

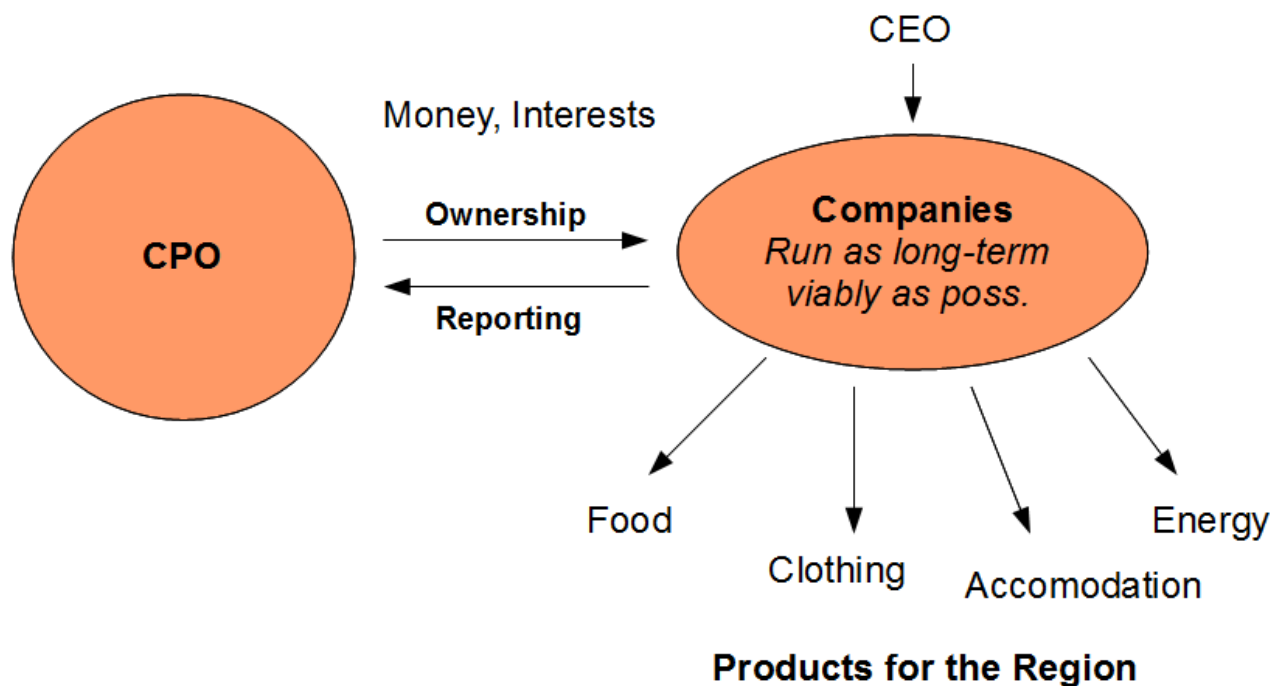
The CPO fully or partly owns companies within its region (within a maximum of 40 kilometres from its headquarters) which pledge to do their business in a long-term viable and regional way.

The goal is to build up and sustain companies in the region which can meet the basic needs of the local population.

Companies which are fully owned by the community are handed over to a chief executive to be run in a professional and sustainable way. The contract to run it is signed for an unlimited amount of time – the intention is to allow the same chief executive to run it as long as she wishes (this can be particularly important when the CPO "buys in" to an existing company).

The CPO determines the criteria of long-term viability on which the companies in which it has (full or partial) stakes have to report annually. These criteria can be adapted annually.

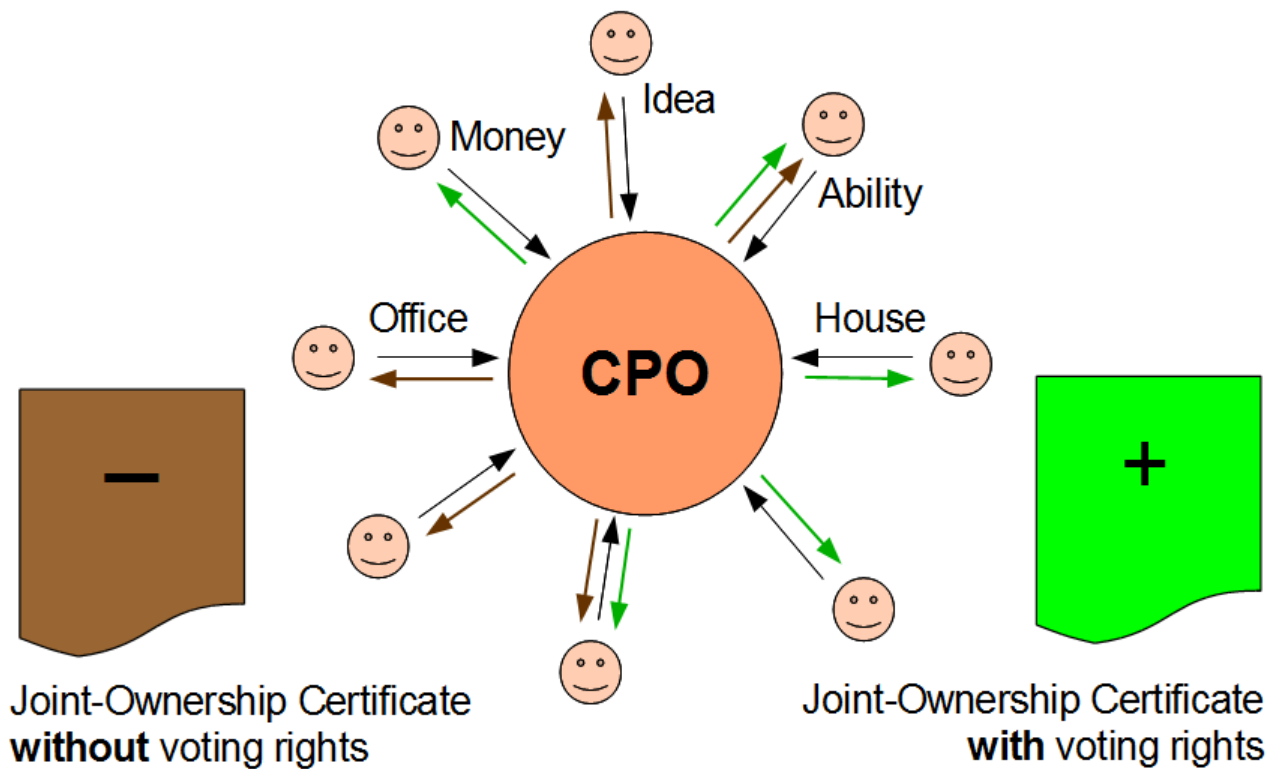
The CPO may also participate in regional housing or community projects, provided that they aim for long-term viability. These projects do not have to return a profit, they are however required to submit reports in the same way as the companies.



Ownership of viably-run companies

8.2 Funding via joint-ownership certificates

The CPO issues joint-ownership certificates with and without the entitlement to vote. It determines the amount and price in pounds or dollars itself. At the CPO's conception, a certificate may cost 1000 pounds or dollars. Joint-ownership certificates issued later may differ in price – it depends on the value in pounds or dollars of the share certificates which are already in existence at that time. Shares of the CPO can be acquired as multiples of thousandths by means of national money (one-time payment or instalments), active involvement or contribution in kind.



Issue of joint-ownership certificates

There are those types of work which serve to increase the value of material goods (e.g. the renovation of a building), and those aimed at maintaining ongoing business operations or the production of consumer goods (e.g. the planting of salad). Some types of work lie somewhere in between (e.g. the search for and correction of faults in a production facility). The question of how much of the members active involvement can be paid with joint-ownership certificates depends on the assessment or estimation of how much this work contributes to the long-term viability of the company.

The purchase or transfer of shares with the entitlement to vote is only possible with the approval of the CPO. Approval is not necessary for shares without the entitlement to vote.

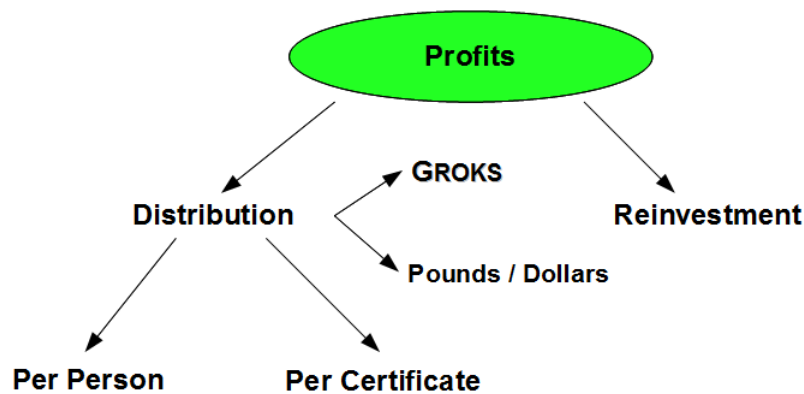
Financing via loans from financial institutions is not envisaged, and for good reason: Nowadays, retail prices contain on average about 40% interest costs. The exact value for a given product is calculated from this product's share of the interest burden of the entire supply chain involved in making it. If the products are manufactured using interest-free capital, then the amount of money saved in this way can be used to help in the development of sustainability.

8.3 Profit distribution

The surplus generated with the investments from the members can be reinvested by the CPO or distributed among the holders of the joint-ownership certificates.

The distribution of surplus can be performed on a per person or per certificate basis. It may be paid out in the national currency or in the complementary currency Groks of the Market Community.

If the surplus is paid out per person and not per certificate, then this corresponds to an unconditional basic income for those citizens which have participated in the CPO with at least one (fully paid) certificate.



Possibilities for profit distribution

The distribution per person creates an incentive that as many citizens as possible participate in the community through at least one certificate and contribute to the common good through their active engagement.

On the other hand, this regulation may deter investors who otherwise might have made a bigger amount of capital available to the community.

The General Meeting of the CPO decides how the surplus is to be used.

8.4 Register of joint-ownership certificates

The CPO maintains a register of its joint-ownership certificates. The following details are included for each certificate:

- whether it comes with the entitlement to vote or not
- to whom it belongs
- whether it is fully paid-up or if not, what fraction has been paid
- whether it has been deposited for a Grok creation facility on the account of a market participant, and if so, in whose favour.

As detailed in the section about the Market Community, depositing joint-ownership certificates is one of the various methods to acquire a Grok creation facility for a trade account. Deposited certificates can be personal property or assigned from a guarantor.

Joint-ownership certificates deposited for a trade account may not be transferred to another owner. Exception: The owner of an account may buy the certificates which a guarantor has deposited in her favour. The decision for the purchase is made by the two parties involved.

8.5 Duration of company (co-) ownership

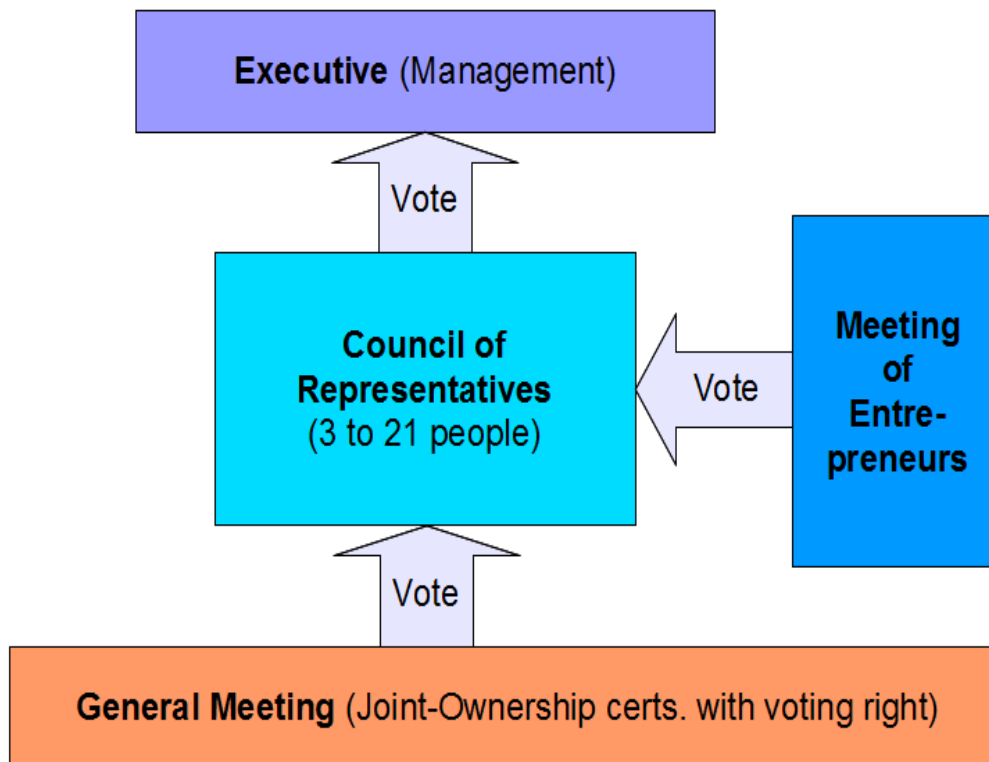
The participation of the community in its companies is intended to last. It is not planned to sell the holdings at some later point to make a profit.

If a company which is only partly owned by the community decides on a change of direction away from a long-term viable development, then the CPO will sell its investment in that company as quickly as possible.

Should a chief executive decide on such a change of direction, then the community will terminate her contract without notice.

8.6 Institutions of the CPO

The Community of Participation and Ownership is governed by the following bodies:



8.6.1 General Meeting

The general meeting consists of all those members who hold joint-ownership certificates of the CPO with the entitlement to vote. The members are informed via the website and via e-mail about the latest developments of the CPO. General meetings are held as necessary, at least once a year. Every member has one vote.

The general meeting takes decisions on the following matters:

- which criteria of long-term viability the companies which the community has participated in have to account for
- on raising more capital through new joint-ownership certificates
- on re-investment versus distribution of the surplus

8.6.2 Meeting of Entrepreneurs

The meeting of entrepreneurs is for communication and the building up of networks between the companies of the CPO. Synergies and common interests can be discovered here. Cooperation between the companies may lead to economic savings and contribute to the solution of current issues.

8.6.3 Council of Representatives

The council of representatives consists of an odd number of natural persons – at least three and a maximum of twenty-one. The rounded up half of the council members are elected by the general meeting, the remainder at the meeting of entrepreneurs.

All members of the council of representatives have to hold at least one joint-ownership certificate with the entitlement to vote. They are elected for a term of five years each. Should a member resign from the council early, a by-election takes place at the next respective meeting.

The work carried out as a member of the council of representatives is paid appropriately depending on its extent. The amounts paid can be viewed by those members of the CPO which have the entitlement to vote.

The council of representatives assists the executive with advice and controls its work. It reports to the general meeting on this. The council of representatives may call an extraordinary general meeting if necessary.

8.6.4 The Executive

The Executive is the management instance of the Community of Participation and Ownership. Its members are appointed and recalled by the Council of Representatives.

Members of the Executive Committee are paid appropriately for their work. The Council of Representatives decides how much this should be, and in which ways it is paid.

8.7 Companies (co-)owned by the CPO

8.7.1 Management

Companies which are fully owned by the CPO are handed over open-end to a chief executive, who must run the respective company in a professional and long-term viable way. The chief executive may also be the previous owner of the company.

The business domains and legal forms of the companies which the CPO can participate in are not constrained. The essential criterion is that the company aims for a long-term viable and regional way of doing business.

8.7.2 Financial Support and other assistance

The CPO supports its companies through its financial holdings, making them less dependent on loans from banks. The companies pay less or no interest to the banks. They can use the money saved in this way to become more long-term viable.

Apart from the financial contributions, the companies receive active support from the citizens of their surrounding area. Through the open communication of the companies with the citizens, understanding of each other grows, a broader range of people are involved in decisions, regional customers are gained and the companies find it easier to orient themselves to the needs of the customers. This leads to greater planning reliability for the companies regarding the marketability of their products.

The aim is not to support only those companies which already do business in a long-term viable way, but in particular to support companies through financial and active participation in their endeavour for long-term viability. However, the consistent orientation towards long-term viability is the prerequisite for the participation of the community in the company.

8.7.3 Reporting

The reporting serves to comprehensively illustrate the value of the companies. Apart from the financial performance figures which are nowadays commonplace in company reports, ecological, social and regional criteria play an important role in the assessment of a company. They reveal the state of the company's long-term viability. By taking such criteria into account, the management can communicate decisions which are sensible with regard to the future development of the company, even though they may bring short-term financial disadvantages with them.

The companies (co-)owned by the CPO commit themselves to a comprehensive annual reporting which takes not only economic data into consideration, but also social, regional and ecological criteria for sustainability as well as the other aspects of long-term viability. The criteria to be taken into account for the reporting should be measurable without major effort. They are laid down by the general meeting of the CPO, in cooperation with the affected chief executives, external experts and the general public, and may be adapted annually. The company reports are published on the website of the community.

8.7.4 Transparency

In the interest of long-term viability, the greatest possible transparency within the companies as well as in their relationship with the CPO is expected of them.

Crises lead first and foremost to greater insecurities concerning the assessment of further development. In the interest of resilience, the participating companies report to the CPO as early as possible on the insecurities and risks they have recognized, and work on finding creative and innovative solutions together with capital providers, employees, experts and dedicated citizens.

8.8 Payment of the CPO Staff

8.8.1 Middle- and Long-Term Payment

The companies which are part or fully owned by the CPO are expected to make a profit, which in part or full will be available to meet the costs incurred running the CPO, including salaries of staff, which can be employed on a normal basis (i.e. according to local law and custom).

8.8.2 Managing the Start-Up Phase

Due to its effective nature – in classical business terminology – as a holding or investment company, the CPO side of a ReeComm will only have appreciable funds to cover its running costs as time progresses and the profits of companies in which a ReeComm has invested become available.

Whereas a limited amount of voluntary, unpaid work is required on all topics needed to get a whole ReeComm up and running, it would be neither realistic nor fair to expect anyone to perform unpaid work for perhaps two to three years, performing the many daily tasks needed to run a ReeComm. The CPO may have limited revenues such as initial and yearly ReeComm-Membership fees (if the ReeComm is founded as a cooperative), but initial fees, if not trivial, should be used for investment purposes.

Note that this situation does not directly apply to the market community, which has its own fees, potentially available to cover costs as soon as it is up and running. However, it would not be fair to pay those working for the market community while those who work for the CPO receive nothing; obviously, an equitable solution must be found.

So what does this leaves us with which could be used to "pay" those who do the work?

- Annual ReeComm-Membership fees (normally in national currency);
- The fees collected running the market community,
- some of which may be in national currency, but most of which will be in Groks;
- Claims on future profits of the CPO – conditional on there being such a profit which could be distributed.

1) Annual membership fees will normally hardly even cover the real running costs of the CPO, even if the ReeComm finds a cost-free initial solution for office space; costs like stationary, telephone, DSL, PCs, internet-hosting, travel costs etc. must still be met.

2) If we assume that the market community can afford its own material costs via its own fees, still only (some of the) fees charged in Groks would realistically remain available for distribution, and would not be adequate to fairly remunerate all work put in to running a ReeComm – or if the fees were set so high as to suffice, this would represent a cross-financing of the CPO from the market community.

3) This leaves only the idea of claims on future yield – obviously, only redeemable to the extent to which a profit is actually made. We have envisaged the idea of gathering points for work performed, which could have more uses than simply being claims on possible future profit, and thus become quite attractive:

8.8.3 Activity Point System

By mutual agreement of all those active in the budding ReeComm, work performed will be noted by the worker (e.g. in hours) and submitted to the organisation team for (optional vetting and) entry into a points accounting system. The value of an activity point should be par with the value of the Grok, to simplify accounting. Activity points could then be used in a number of ways:

- As direct payment (instead of Groks) for certain approved offers in the market community. These could typically be courses for personal growth and the promotion of interpersonal skills. We have mentioned these aspects as central to this concept, both ethically and in respect of social sustainability; this option allows us to promote them explicitly.
- As a means for a Grok credit facility: The points would be deposited (transferred to a reserved personal account) and the persons Grok credit limit increased by the same amount (or e.g. by 50% or 80% of that amount). This is conform with the Groks construction as a trustworthy currency, because the work performed adds to the value of the ReeComm.
- When a surplus is available for distribution, (part of) it can be offered for optional payout of activity points in national currency and/or Groks.
- At a later stage, when the ReeComm is larger, as a way to prioritise allocation of resources such as rented apartments belonging to the ReeComm.
- At an even later stage, as a claim for provision of ones needs in old age.

No doubt other creative ideas for the use of activity points can be found and put into practice as time goes on. Obviously some relationships in the above suggestions, in particular how many points to allocate per hour worked, would require the approval of a General Meeting of the CPO.

9 The Market Community

Building in part on the joint-ownership certificates of the CPO a market community is founded, whose currency unit is called the Grok. This is an interest-free user-emitted and secured currency. The Groks value is independent of any other currency; it has been designed to be completely trust-worthy.

The market community is intentionally designed to be appropriate for participants from all levels of the economy. It is a trade exchange system for private individuals, a showcase for professionals and a barter ring for companies, all under one roof – allowing all categories of economic participants to interact directly with each other, rather than just a particular subset.

9.1 Mission and Goals

The goals of the market community are

- to become more independent of national currencies (e.g. pound, dollar)
- and their associated inflation
- to provide a market and currency shared by all economic participants
- to protect the environment through regional economic cycles
- to meet needs which otherwise could not be met due to lack of money
- to encourage the trial of offers beyond the regular job market
- to achieve a balanced give and take between the participants
- to further trust, tolerance and cooperation between the participants
- to promote community spirit and orientation to the common good by bringing people together in regular meetings and community-building events which are specifically designed to this end.

9.2 The Marketplace and trade accounts

9.2.1 The Marketplace

Every market participant can post advertisements for what they have to offer and also what they are looking for, which are published within the community on the internet. Advertisements are tied to a trade account. The marking of the account as either private or business type makes it clear whether it is a professional offer, for which also an invoice is to be provided by the person or firm offering it, or whether it is private neighbourly help without warranty.

9.2.2 Trade accounts

There are private and business accounts. Every natural person of at least 14 years of age is eligible for a private account. Companies and participants which offer commercial or professional (normally taxable) services receive a business account. Self-employed people may thus have both a private and a business account.

The trading currency is the Grok, and each account starts with a balance of zero. It is marked as being of private or business type in a way which is visible to all participants.

Although there is no conceptual necessity, practical considerations suggest that trade accounts (both adverts and Groks) be managed online via the internet, using an advertising and online-

accounting software. This saves cost, allows rapid and flexible modification, and gives its users full and instant control of their adverts and accounts. Access to a computer with internet (or the services of someone who has) is a prerequisite in this case.

Private accounts with a Grok creation facility take part in the distribution of surplus of the CPO, if it is decided that there should be one.

A trade account may, upon application, be suspended for a limited amount of time if there is a good reason (for example a prolonged illness). During this time no circulation safeguard fee is charged. The corresponding advertisements are no longer published.

9.3 Market trades

9.3.1 Remuneration

The remuneration of market trades is performed via the trade accounts of the participants. Payment may be carried out solely in Groks, or partly in Groks and partly in pounds or dollars. Transactions which would result in an accounts negative balance exceeding its Grok creation limit are not possible.

9.3.2 Coverage Query

Before a market trade is bindingly agreed, the buyer may grant the seller a coverage query in order to document that she can afford it. During this query, that amount of Groks are reserved on the buyers account for the seller, for an amount of time determined by the buyer.

Usage of the coverage query may be subject to a fee.

9.3.3 Assessment

Every transaction should be evaluated by the people involved in it (as on eBay).

9.3.4 Level of Prices

The level of prices within the market community may (and probably should) develop differently to those in the pound or dollar market (e.g. nursing services may be worth more than those of lawyers). In the case of taxable goods and services, there should be open communication with the tax authorities in order to achieve a balanced solution for all parties involved.

9.3.5 Legal and Fiscal Requirements

For trades (partially) remunerated in Groks the same legal and fiscal requirements apply as for purchases which are paid for in pounds or dollars. Professional and commercial goods and services will thus normally be subject to income tax and VAT. Fraud and tax evasion will not be tolerated.

For the purpose of calculating taxes, the conversion into pounds or dollars can be made in the following two ways:

- via the value of the joint-ownership certificates or
- via direct comparison of one's own service in Groks and pounds / dollars – if a market participant regularly charges 50 £ / \$ or 40 Groks for the same service, then a Grok is equivalent to 1.25 £ / \$ for this participant and this service.

In the latter case, the 40 Groks would be treated as £50 / \$50 for tax purposes.

9.4 How Groks come into existence

9.4.1 The nature of the Grok

The Grok is an interest-free [user-emitted and secured](#) currency. The Groks value is independent of any other currency; it has been designed to be completely trustworthy.

User-emitted (or user-issued) means that Groks are not created by any central authority, but rather by the participants themselves. They do this in our case by making use of a Grok creation facility, which they must first earn by providing something of value to the ReeComm.

In contrast to many other trading communities, this one does not give away a starting balance in the beginning, nor does it grant creation facilities without the members providing some sort of value or security for them. Failing that, a member can still first earn Groks and then spend them. The security requirement creates justified trust in the trade currency.

Curious why we suggest the outlandish sounding term Grok as the currency name? An [FAQ](#) links to the origin and meaning of the word – it will help you to grok the reasons for this!

9.4.2 New terminology for a new understanding

Experience has shown that new or little-known ideas will be interpreted by people according to what they *are* familiar with. For example, if your bank account has a negative balance then this is something bad, it is a loan or an overdraft, something you owe to the bank. You're in debt.

But a negative balance on a Grok account cannot be classed as a loan, since there is no central authority creating any currency which could be loaned. Therefore a loan of currency in the classic sense is literally not possible. What one *can* say is that the account owner has currently received more value of goods and services from the market community than she has supplied, but that has nothing to do with a loan of currency.

In the Grok system, the users of the currency CREATE the currency themselves – at the moment they go into a negative balance to remunerate their receipt of goods or services. If no member does that, no actual currency even exists.

Since nothing is being loaned - but rather created - the conventional term "lender" also does not apply. To whom should it apply? No-one has lent any money to anyone to pay a bill, the person in obligation to pay the bill has simply herself created the money to pay it. Confusion may arise, when viewed from a conventional way of thinking, since each member of the marketplace has only one account. With a negative balance, the account owner has at that time created that many Groks, which are now a positive balance on someone else's account.

That is why we call a negative Grok balance a **creation balance** and a positive balance an **earnings balance**.

This mutual credit mechanism is in stark contrast to conventional banking, in which some people or authority claim a monopoly on the right to create money, and then lend it to citizens as debt and for interest. With mutual credit people are simply creating the currency they need themselves – interest-free.

Perhaps you may now be feeling uneasy – the logic of the above may seem right but goes against common knowledge, or it can't be right because we've all known for all our lives that only banks can create money. But the stories we each tell ourselves about the way the world is, and what is right or wrong, are simply the ones we've been hearing all our lives, or the ones which belong to

the general consensus. New stories can by nature never be as familiar as ones we've been hearing every day, but that doesn't make them wrong. For the moment at least, we ask you to try and keep an open mind.

9.4.3 Security, Liquidity, Account closure

To prevent abuse of the system we have stipulated that members must earn the right to create Groks, i.e. they must give something of value into the ReeComm, or deposit it, in order to have such rights assigned. Such securities may be: Deposited finance certificates, creation rights in trade for national currency, documentation of work performed for the ReeComm, or mutual guarantees of members in small groups.

The value of her securities limits how much a member can go into a below-zero balance – if she gives nothing, the limit is zero, if she gives or deposits little, the limit is small, for more the limit is correspondingly higher. But this limit, noted as an attribute of the Grok account, is NOT a credit limit, since no-one is giving money as credit. Rather it governs how many Groks the member can personally create – otherwise everyone could just create as many Groks as they need and nobody would do any work.

At the same time, it is necessary to ensure enough Grok liquidity in the market community that trade is not stifled by lack of currency. For this reason we have foreseen a range of possibilities to acquire a Grok creation facility, such that a member can combine the methods provided and thus in sum acquire a fairly large yet fully justified mandate to create Groks.

If an account must be closed but has an open creation balance, then that member has taken more value from the Marketplace than they have contributed. But they have NOT taken more value out of the ReeComm than they have contributed – that's why we require the security. In such a case the security is called in, taken possession of, or exercised (depending on its exact type) in order to convert it to Groks and thus bring the account's balance to zero – only after which it can be finally closed.

9.4.4 Example of using a creation facility

Ms. Jones looks after the kids of Ms. Smith for 20 Groks. Both women have a zero balance on their trade accounts. Ms. Smith then uses her creation facility and transfers 20 Groks to Ms. Jones. The 20 Groks now being credited have been created right at this moment in time. If Ms. Jones now goes and buys vegetables for 12 Groks at the greengrocers, whose trade account balance then shifts from -150 Groks to -138 Groks, then the 12 Groks have disappeared from circulation again at that moment.

9.4.5 Comparison of Grok to national currency creation

Since every Grok account starts with a zero balance, and the market participants themselves create the currency according to their own necessity, the Grok provides no impetus of its own when activities are balanced. It's very illuminating to compare that to the prevalent mechanism – we'll use a trivial example to make things clear: On a pristine market member A sells goods to member B for 20 units, and then B provides a service to A, also for 20 units.

- **The Grok way**

- Member B must have already provided something of value to the ReeComm and has received a Grok creation facility in corresponding value.
- Member B now uses her creation facility and transfers 20 Groks to member A.

- Member B now has a balance of -20, member A of +20.
- Subsequently, member A remunerates member B with 20 Groks.
- Both members again have a balance of zero, as pristine as before the market place was ever opened.

- **The national currency way**

- Remember that we are assuming a pristine market with no money already created.
- The central bank lends money to a commercial bank – for interest. Lending implies debt, that principal and interest must at some point be repaid.
- The commercial bank lends 20 units of this money to member B – for a higher interest. Again, lending implies debt, that principal *and* interest must at some point be repaid.
- Member B now pays the 20 units to member A.
- Member B now owes the bank 20 units plus interest, member A has 20 units.
- Subsequently, member A remunerates member B with the 20 units.
- Member A now has no problem; but member B has 20 units in her hand and owes the bank 20 units plus interest. So she repays the bank the principal and must borrow the interest from the bank to fully repay the loan – i.e. a new loan to repay..
- So whereas the commercial transactions are completed, the financial story is not – the currency is creating a pressure on the real economy.

Admitted, the above scenario is overly simplistic – interest received by banks and governments is actually spent back into circulation, so "even" a compound interest system could theoretically be run as a perpetuum mobile. Yet factors such as rewarding the amassing and hoarding of wealth do in effect lead to an exponentially expanding volume of money, with most of it accumulating in the hands of a rich few individuals and concerns, as current events bear witness.

9.5 The Grok – the market trade currency

9.5.1 Market currency design: The Grok

The market community uses the complementary currency Grok as tokens of trade exchange. The Grok has been crafted to meet the following criteria:

1. The Grok is a currency with as little need of central governance as possible, and it should provide no impetus of its own when the activities of the market participants are balanced. It thus facilitates a truly free market.
2. The Grok is a **trustworthy** currency, since misuse of the market community is precluded. The market system as a whole cannot be cheated of value by individuals.
3. The value of the Grok in terms of purchasing power (of a mixed basket of commodities) should remain **stable**, i.e. more or less constant, over time. To ensure this, interest and speculation are not allowed.
4. The Grok is a means of value comparison and payment, it should explicitly encourage trade. To do so it must flow and not be hoarded, i.e. it cannot be used to store value.*

5. Since the requirement for well-founded trust automatically leads to a cautious approach to the right to create Groks, a diversity of possibilities ensure that sufficient Grok liquidity is available.
6. The Grok must be legal according to national law and, if possible, not subject to scrutiny by the authorities which monitor banking activities.
7. The Grok is designed to keep operating costs of the market community as low as possible.

* The concept provides a mechanism for storing value which is completely independent of the Grok – as shared ownership of all the assets of a ReeComm, which will mainly consist of local businesses. These produce the things we actually need, i.e. the things of *real* value.

We'll look at how these design requirements have been met point for point:

9.5.2 1 – A REALLY free market

The Grok is not created by any central authority, it is created by the members of the market community themselves – as and when they need it. This is in stark contrast to the prevalent mechanism, whereby a central bank is charged with issuing the currency and trying to keep its value stable. That task is very difficult (if not impossible) for a currency designed as a debt-issued currency with compound interest. The Grok is a self-regulating currency design rather than a centrally governed paradigm.

As already explained, the Grok does encourage trade by applying a circulation safeguard fee to earnings balances; but it exerts no pressure when economic activity is balanced.

Having the participants themselves create the currency need not imply a lack of trustworthiness:

9.5.3 2 – Well-founded trust

To preclude misuse some sort of security must be deposited for a Grok creation facility. A corresponding portion of the deposit will be retained as property of the ReeComm if an account must be closed which has a creation balance. The deposited items can be taken out of deposit *provided* the account has a zero or earnings balance.

With one exception, the type of item accepted for deposit should be stakes in local businesses / projects oriented to sustainability, or be convertible into or leading to such assets, e.g. national money or work performed for the ReeComm. The notable exception is mutual guarantees of small member groups, which make it possible for people without much to deposit to each acquire a modest Grok creation facility, while not compromising the requirement for the Grok to be very trustworthy.

9.5.4 3 – Stable purchasing power

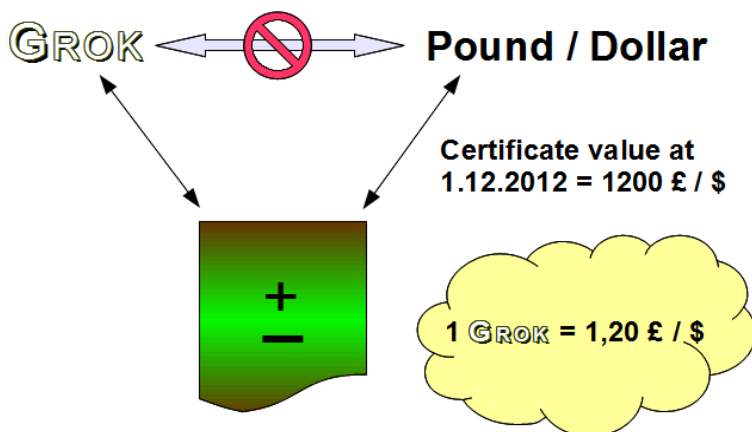
No interest is charged or granted, nor allowed to be charged or granted, on Groks. Since inflation is for the main part caused by compound interest, thus no inflation is to be expected for Groks. As with interest, speculation for profit is also forbidden.

The value of the Grok is completely independent of state money (and any other currency). Its *current* value can nevertheless always be expressed in pounds or dollars (and vice-versa) via the relationship of both to the assets of the CPO in the form of one joint-ownership certificate:

1000 Groks = 1 joint-ownership certificate = Current certificate value in national currency

The value of joint-ownership certificates is expressed in Groks rather than national currency, since the Grok is expected to be free of inflation – an essential requirement when we view the certificates as a means of long-term value storage.

Further possible ways for a ReeComm to measure an "official" clearing rate are noted in the [FAQ](#) on the relationship with tax authorities.



The Grok is underpinned by the total value of the ReeComm, the major part of which will be the assets in which the ReeComm has invested. The ReeComm as a functioning Coop has in itself a certain value, in particular the hard work put into its creation and nurture.

The value of the GROK

9.5.5 4 – Encouraging trade and maintaining flow: Circulation safeguard (demurrage)

The concept of Regional Economic Communities provides for storage of value independently of the Grok – as joint-ownership certificates of the CPO. Thus there is no need to hoard them – people who wish to store value just buy certificates rather than Groks. Beyond this basic design, a small but "nagging" incentive is employed:

To ensure that the Groks keep flowing for the purpose of trade remuneration and are not left unused, they are subject to a regular circulation safeguard fee ([demurrage](#)). How much the fee is will normally be decided by vote from year to year in the General Meeting; we suggest trying 0.5% or 1% per month. This means that every month, 0.5% or 1% is deducted from the positive balance of the market account of every market participant. The circulation safeguard is applied only to earnings (positive) balances, since application to creation (negative) balances would penalise the creation of Groks and thus apply a brake to trading.

This fee does not disappear from the system, rather it is used according to the stipulations of the General Meeting.

Due to the circulation safeguard fee, the currency intentionally loses its advantage over goods and services. Like these, it is subject to an ageing process and loses value when stored. Unlike the rate of inflation, the amount of the circulation safeguard fee is known right from the start.

Groks which are not currently needed may for example be lent interest-free to a company of the CPO. Since the lender will normally instinctively look for a company (or division of the ReeComm) with good long-term prospects, this will subtly promote long-term viability. They may also be used to buy joint-ownership certificates, should the CPO or another market participant offer some for sale.

9.5.6 5 – Ensuring sufficient liquidity

As stated above, Groks only come into existence when a member exercises their creation facility – for which either entitlements, national currency, material possessions or services must first flow from the member to the ReeComm. Put bluntly, you can't get more out than you put in.

This design feature, while ensuring the value and reputation of the Grok, does put clear and non-trivial requirements on each member of the market community. To avoid a liquidity problem – a lack of Groks to remunerate the goods and services which could and should be exchanged (or, indeed, a lack of community members) – a number of methods have been provided for a member to acquire an adequate Grok creation facility. Thus each prospective member should be able to find one or more ways which suit their personal situation.

Due to the fundamental nature of this aspect, and the diversity of possible means and securities, the next section is devoted to the topic of appropriate ways to provide sufficient Grok liquidity.

9.5.7 6 – The Grok must respect national laws

We have outlined here a conceptual design of the Grok market currency. Our initial concern was it being conform to German national law, which it is. We can make no statement regarding other countries, except that the relevant local authorities and fiscal experts should be consulted, and a set of rules for "your" Grok hammered out which are legal by your national laws, before you even think about founding a ReeComm.

If you do so, please let us know – we would be glad to gather such knowledge here and make it available to others.

See also the FAQ: [Is a licence required to issue Groks?](#)

9.5.8 7 – Keeping costs low

Keeping overheads low has always been an economically sound idea, and remains so here. In a similar way that the CPO will strive to minimise overheads so that all money provided for financing assets can be used for that purpose, so should the market community aim for a slim and effective management of its accounts and marketplace (and all other tasks).

Nowadays, computers and the internet, together with open-source software, no doubt provide the most cost-effective solutions in this respect. The accounting functions for the Grok accounts would ultimately be implemented somewhere on a computer, even if the Groks themselves were (optionally) issued as paper vouchers. Furthermore, an online marketplace is much more responsive than a paper brochure printed, say, once every three months. It is also less work for the market community staff, since the users manage their own adverts in the online marketplace.

Thus our suggestion is that the Grok accounts and marketplace be implemented purely as an online system. Payment in shops can be made possible either via a tablet-PC at the checkout or via Smartphone- or WAP-Access to Grok accounts; and if paper vouchers are still required, then a cooperation with any existing local trade system or regional currency can be sought.

See also the FAQ: [Why does the Grok only exist online?](#)

9.6 Grok liquidity

9.6.1 How the participants can create sufficient Groks

Since anyone in the region can open a market account (ReeComm membership is not a requirement), and offer goods and services on the marketplace, we must ensure sufficient Grok liquidity to adequately facilitate transactions. For example: Alice would cut Bobs hair, Bob would repair Cindys bike, and Cindy would sell Alice her used stereo – but none of this happens if none of them have previously acquired a Grok creation facility.

Such scenarios would be the "price" if the means for bringing Groks into existence were too restrictive; yet if they are too lax, the system may be abused and come into disrepute. In order to satisfy both requirements we have conceived a number of possibilities to provide sufficient liquidity if and as need be, none of which compromise the principle of having to put something in before you can get something out:

- 1 Providing a creation facility for deposited certificates of joint-ownership.
- 2 Allowing trade of national currency for Grok creation rights of the corresponding amount.
- 3 Allowing other financing mechanisms or items of value, e.g. Coop Shares, to be deposited (or accepted without deposit) for a creation facility.
- 4 Providing a creation facility in recognition of work performed for the ReeComm (but in total perhaps not more than the difference between total ReeComm value and deposited certificates of joint-ownership).
- 5 Allowing the optional formation of small groups within the market community – **affinity groups** – whose members mutually guarantee each others creation facility. This principle is also known as co-responsibility.
- 6 Providing a creation facility for a deposited silent partnership (assuming the ReeComm is open for dormant equity holdings). Note that silent partnerships may be of a volume way beyond sensible limits on creation facilities, in which case an individual agreement between the ReeComm and the investor should provide a mutually satisfying solution, e.g. provision of nursing and health care in old age.

9.6.2 Creation facilities

In conventional terms a creation facility is simply a credit facility. So now you sort of know what we mean – except that conventional terms do not apply here, because this is not a conventional system. Conventionally, if an account has a negative balance it is "in the red" or "in debt", which is an unpleasant association. In contrast, when a Grok account has a negative balance it means that a member who has already earned that right, by giving something of value to the ReeComm, has now provided another member with Groks in return for their goods or services.

Only members who deposit securities get a creation facility, and Groks even then only come into actual circulation when such a member performs a purchase. The deposited security – which by definition must be present since no Grok creation facility is allotted without one – will ultimately be called on if a member with a creation (negative) balance cannot or will not bring their balance to zero (in order to close the account). A creation facility based on Coop Shares will prove an exception to this rule if national law forbids them being deposited.

We will illustrate this principle by going into detail on four possible yet very different types of security:

a) Joint-ownership certificates

The owner of a trade account can get a creation facility for her account by depositing joint-ownership certificates of the CPO as security. For each certificate deposited, her creation facility is extended by 1000 Groks. Certificates which have only been partly paid for cannot be deposited.

It is possible to act as guarantor for another participant. In this case, the guaranteeing participant deposits joint-ownership certificates of her own for the trade account of the other participant. This procedure does not require any vetting or approval, it is decided solely by the two participants.

The depositing of the joint-ownership certificates for the trade account is noted in the certificate register of the CPO. The certificates are barred from sale for the duration of the depositing.

A note of caution: Your national law may possibly prohibit value papers from being denoted in anything other than national currency. If that is so and you wind up with joint-ownership certificates denoted in pounds or dollars then do be aware that the intention of the concept to provide a stable value for these certificates could not be met – and the long term of them will almost certainly mean a large loss in real value due to inflation. So in that case you may want to incorporate an "inflation buffer" into the amount of Grok creation facility which you accord for them, e.g. 800 rather than 1000 Groks.

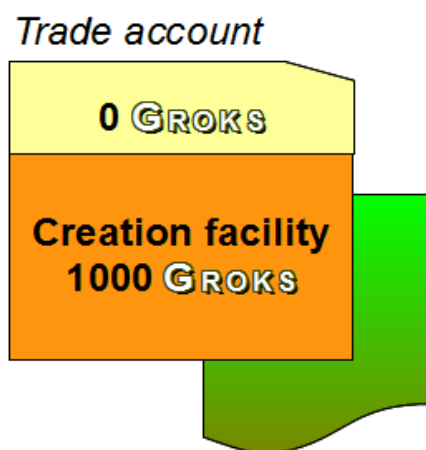
b) Creation rights

A member may trade national currency for Grok creation rights of the corresponding amount. The rights then translate to an actual creation facility – but keeping "rights" and "facility" as two separate ideas allows rights to be sold or bequeathed [in part] to another member, implying a corresponding transfer of [that much of] the creation facility.

Note that while creation rights, once existing, can be sold for Groks or national currency, they can only be created via trade for national currency – otherwise participants could simply convert their earned Groks into rights and thus avoid the circulation safeguard fee, allowing Groks to be misused for storing value.

Two notes of caution:

- The amount of rights sold by a ReeComm should be limited to its capability to invest the influx of national currency.
- You should be legally safe if you trade a non-transferable creation facility for national currency. Yet if you adopt the scheme of transferable rights converting to an actual creation facility, as outlined above, then you have created an assignable value paper and as such may fall under your national regulations for such financing instruments. Therefore, please get good legal advice and consult the pertinent authorities to ensure that you don't run foul of the law!



Certificate, value
1000 GROKS

*Creation facility for a deposited
joint-ownership certificate*

c) Activity Points

The Activity Point System has been suggested as a method of deferred payment for work performed by initiators and staff during the start-up phase of the ReeComm (and conditional on the success of the ReeComm). As a creation security, Points would be transferred to a reserved personal account of the member, and their Grok creation facility increased by the same amount (assuming Points are par in value with Groks).

d) Affinity Groups

The option of affinity groups provides a mechanism which is oriented towards a future commitment rather than to past earnings.

An affinity group is a small group of members within the market community, who mutually guarantee each others creation facility, e.g. with 50 Groks per person. For a group of nine members each would then get a creation facility of $(9 - 1) \times 50 = 400$ Groks. If a group member defaults then the debt is apportioned equally to the other group members accounts.

Affinity group formation should be completely optional and left to private initiative of the members, who would have to present a form signed by all members to the organisation team in order to have their creation facilities extended. Further details can be left to each ReeComm – but we do recommend that you consider these points:

- If a group member leaves the market community, e.g. moves out of the region, how should this be handled? Must the creation facility for the remaining members be reduced? Should the member opting out nominate a replacement member? Should a positive balance be distributed to the remaining members?
- Should individual group members be able to opt out unilaterally, provided that no other members have currently used more of their creation facility than would be covered by the guarantees of the remaining members?
- Should a group be allowed to subsequently take on new members and thus further extend the credit limit of each member?
- Should one person be allowed to be a member of more than one affinity group? If so, should there be a limit in terms of affinity groups or total Grok obligations?
- At what point can a member be adjudged to have defaulted on a debt – and by whom?
- What support and advice does the community want to offer members on the formation of affinity groups?

Note that the formation of affinity groups is a non-trivial exercise from the viewpoints of psychology and personal growth. We suggest that you take this into account and actively raise awareness on the issues involved before the groups are formed, e.g. by talking about them at the information event required for Admission to the market community.

9.7 Further aspects of the Grok

9.7.1 Amount of Groks in circulation

In the above respect, the Grok is what the authors like to call a necessity money: It is created as needed by the market participants themselves in the moment that goods or a service are remuner-

ated. The amount of Groks actually in circulation thus need not (and indeed cannot) be centrally controlled.

One of the provisions considered to provide adequate liquidity was the direct sale of Groks (for payment in national currency or in kind). If a market community adopts this method, then not all Groks will come into circulation as negative account balances – the sold ones will be there as a positive sum over all member accounts. This is an important point to note:

- Purchased Groks appear as positive balances on members accounts, i.e. they are immediately subject to the circulation safeguard fee – independent of commercial activity.
- Groks created via a creation facility only come into existence as required, to remunerate a transaction; until that moment, the potential to create Groks is not subject to any fees.

So while the former – sold Groks – will tend to force commerce since subject to demurrage, the latter – created Groks – will not necessarily force activity, but rather will allow the circulation safeguard fee on positive balances to do its job of pushing all balances towards zero (since the total balance is always zero, it indirectly also reduces negative balances). Balances around zero may mean balanced giving and taking – or simply lack of activity.

We have not however included the sale of Groks in the list of recommended liquidity measures for two reasons: Firstly, it would introduce a new variable of control over commercial activity which would more likely be decided by the council of control and decision rather than the general meeting, making contention more likely and understanding which factor has which influence more difficult; and secondly, and not less important, then the alternative currency has been created by sale for national currency rather than in exchange for the rendering of goods or services, which is much more likely to give you a headache with your fiscal authorities (you would likely be regarded as a bank rather than a barter ring).

9.7.2 Transparency

The sum of all the positive balances of Grok accounts is at every moment equal to the sum of all the negative balances, providing that all system accounts, e.g. those gathering fees, are included.

The maximum amount of Groks which can come into circulation is limited by the sum of the creation facilities of all accounts.

Both the maximum amount of Groks available and the amount currently in circulation may be viewed by the members of the market community at any time.

9.7.3 Convertibility

The Grok can not be converted directly into pounds or dollars. There are however two indirect ways to move from Groks to national currency:

- If a member has Grok creation rights then she can sell them for national currency. Note an apparently small but legally very important point: This is not an exchange of Groks for national currency, but only of the *right to create* Groks for national currency. The sellers creation facility will be reduced by the amount of rights sold. The transaction is only possible if the sellers balance is not lower than her post-sale creation facility would be.
- If any member, or the ReeComm itself, offers joint-ownership certificates of the CPO for sale against Groks, then these can be purchased and subsequently sold on the pound or dollar based

market. Note that (only) for certificates with the entitlement to vote the approval of the CPO is required.

9.7.4 Redeemability

With all but one of the suggested securities for creating Groks a corresponding value is, or has already been, transferred to the CPO for long-term investment in sustainably run local assets (the exception being affinity groups). Thus it is fair to say that the Grok is underpinned by the assets of the CPO. It is not however a [commodity-backed currency](#) since Groks cannot be redeemed to any of these assets.

9.7.5 Lending, Banking Activities

Groks may (only) be lent from one market member to another interest-free. Assuming the loan is granted from an earnings (positive) balance, the lender thus avoids payment of the circulation safe-guard fee.

Every form of banking activity using Groks (e.g. collecting deposits, re-lending borrowed Groks, charging of interest on Groks, exchange for pounds / dollars or other market currencies), and the participation in such an activity initiated by others, is not allowed.

This is to avoid the slippery slope into the widely known problems of the financial sector. A secondary and desirable effect of this could be that the market communities will not have to be under the supervision of the authorities regulating banking in your country – but this must be decided by the pertinent national authority. See also: 6 – The Grok must respect national laws.

9.7.6 Holding account

Taking possession of deposited joint-ownership certificates

If a trade account with a creation (negative) balance must be closed, the first option for the account holder (or her heirs or legal representative) is the purchase of the required amount of Grok creation rights for national currency, and their subsequent sale for Groks. This has the advantage of permanently adding more value to the ReeComm. Failing that, and the account has been secured by the deposition of joint-ownership certificates, then the CPO must take possession of the corresponding amount of them. To bring the account balance exactly to zero it must be possible to possess a fraction of a joint-ownership certificate.

For this purpose the CPO maintains a holding account, which is exempted from the circulation safe-guard fee. It is used to perform the purchases of (partial) joint-ownership certificates; the account to be closed is credited correspondingly and can then be closed.

The purchase is performed with Groks, irrespective of the fact that the original purchase was for national money, and the holding account goes that much (more) into a creation balance. The negative balance of the holding account is offset by the joint-ownership certificates now owned by the CPO. If the CPO is not legally entitled to hold ownership of itself (this will vary by national law and depending on the actual financing instruments in use), then the holding account can belong to a trustee. The holding account could in that case be called a trustee account.

The CPO (or trustee) has the option of selling the joint-ownership certificates acquired in this way in full or part for Groks. This offers participants of the market community an interesting alternative method to become members of the CPO (i.e. for Groks rather than for national currency).

9.7.7 Sustainability

Since certificates of joint-ownership – i.e. of sustainably run local businesses – can be deposited as security for a Grok creation facility, one function of the Grok is in fact to actively further sustainable ways of doing things. This is so because the purchase of assets must first be financed before the corresponding certificates can be deposited to permit the creation of Groks.

9.7.8 Enforceability

The rules proposed above prevent overt banking-type activity with Groks, and should also prevent covert activities of that type on any larger scale – remember that we are talking about a regional community of maximum 40 km radius, people know each other here. On an individual level, it's true that the rules cannot be effectively *enforced*. However, it would require deceptive intent on the part of an account owner to break them. Said owner has (a) signed the behaviour codex when joining the market community; and (b) two intercessors, personally known to herself, to whom she may then have to lie.

In any case, practically any system can be perverted or circumvented given enough criminal intent – but the current system literally both embodies and encourages unethical behaviour to a ridiculous degree (wealth concentration, speculation etc.). Since it's theoretically impossible for *any* currency system to be completely watertight, obviously Groks can't be – but they for sure do knock the stuffing out of fiat money. Just remember that compound interest is, mathematically viewed, an exponential function, so let's embrace Groks instead!

9.7.9 Background information

You can read more about fiat money and the Grok in the [currency section of the website](#).

9.8 Can larger firms use the Grok for commercial-scale credit clearing?

Yes – provided that adequate procedures and precautions are implemented, such that a robust basis for well founded trust is maintained. The Grok *is* technically a multi-party trade exchange credit clearing system, and inasmuch inherently also exactly what firms need to facilitate business between themselves, albeit on a much larger scale than we have been talking about previously. For effective commercial credit clearing the creation facilities provided need to be on the scale of turnover credit required between the participating firms – which will typically dwarf the sums which can be secured by the mechanisms otherwise proposed.

Note that we are using the conventional term "credit clearing" in this context simply to be understood. The creation of Groks by the participants themselves on the basis of securities still applies!

Trade exchange credit clearing systems only work when each participant can adequately both supply and consume within the system, i.e. credit and debit can balance out in the medium to long term. We can certainly find 'closed loop' examples where the private consumer is not required, e.g. a producer of livestock fodder selling to a livestock farmer and purchasing manure from him; or a foundry sells sheet metal to a parts manufacturer, who sells to a machine manufacturer, who in turn sells some machines to the foundry. While we can and indeed should look for such supply chains and support them to become as local as possible, in general the loops can only be closed by including the final consumers, i.e. private citizens.

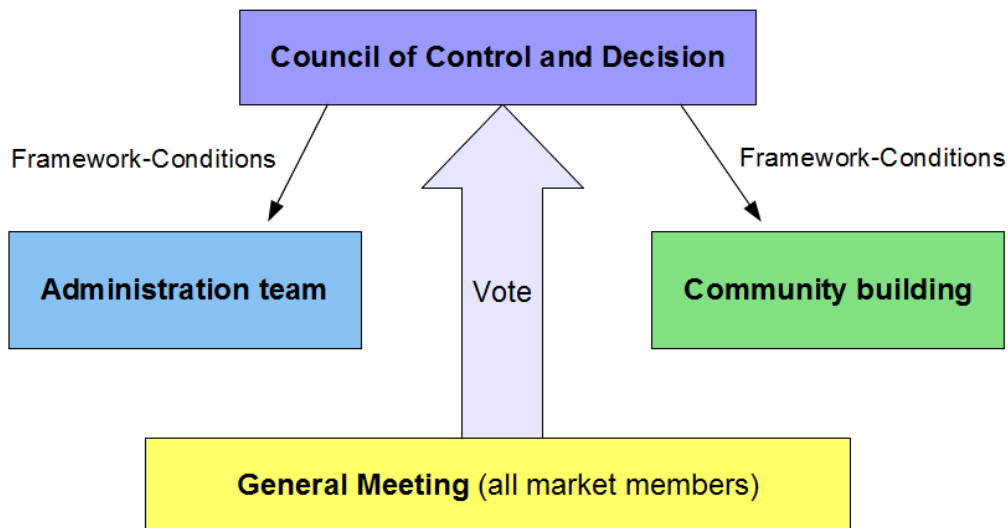
So we suggest to start a Grok system with private and small business participants until it is established in both organisation and reputation. So it will then already have the consumer base which will make it attractive to retailers of all sorts. Then add the larger firms, ensuring that:

- Creation facilities are not more than a firm requires to pay its suppliers which accept Groks
- They are also not higher than its realistic prospects to supply goods or services in Groks
- Creation facilities are linked to a firms actual volume of sales within the system
- You start with well established and financially sound firms which sell things that everyone needs or wants to buy, e.g. food, clothing, electricity, water, etc.

The first stipulation puts the onus on the firms themselves to talk with their local suppliers, and they in turn with theirs – which they'll probably want to do, since an attractive local customer base is on offer. So the firms themselves will help to find and create the closed loops without which reciprocity is not possible.

Finally, note that we are talking about turnover credit here, not investment credit. If investment is needed, then the ReeComm itself can invest in a company – provided that the company meets the stipulations regarding striving for sustainability. Also, a company can solicit Grok loans on the Grok marketplace – which some people may be glad to grant as a way of preserving value (avoiding demurrage) and furthering local resilience.

9.9 Institutions of the Market Community



Institutions of the Market Community

The work performed by the members of these groups is remunerated in Groks.

9.9.1 General Meeting

The general meeting is held at least once a year, and additionally by request if necessary. It elects the members of the council of control and decision or confirms the existing ones.

It decides on the amount and usage of the Fees applied in the Market Community, while taking into account the work to be covered which is necessary for the administration and organisation of the community.

9.9.2 Council of Control and Decision

The Council of Control and Decision (CCD) monitors the work of the Administration and the Events and Actions groups, and takes any decisions necessary to ensure that the day to day activities of the Market Community occur in accordance with its statutes, any applicable decisions of the General Meeting, and in general accordance with the will of the members, insofar as this is known. The Council consists of 3 to 5 members and takes decisions via simple majority.

In order to be elected to the Council of Control and Decision you have to have already previously worked for the foundation of the market community or in one of its groups in an active way. The market participants should be able to assess the reliability and the sense of responsibility of the members of the council before the election takes place.

The CCD prescribes the basic principles and the general framework of the market community by which the other groups are bound. Apart from this, the groups work autonomously. Further groups may be formed as required.

9.9.3 Administration team

The Administration team deals with the registration formalities, maintains the contact data of the members and, if applicable, collects the registration and annual fees. It also takes care of the internet portal and the remuneration system.

9.9.4 Community building group

The community building group looks after the organisation of regular events for reflection and community building – in whichever form local preferences may take. Please note that we consider this an essential part of the concept, without which dissent, disillusionment and demise will most likely take their toll. John Crofts concept of [Dragon Dreaming](#) divides the full circle of a project into the quadrants Dreaming, Planning, Doing and Celebrating, so by this reckoning the community building group is responsible for one quarter of all activity!

9.10 Membership in the Market Community

9.10.1 Admission

Natural persons at least 14 years old and local companies can join the market community. Everyone from the region who has something to offer to the others may participate. The following people / companies are entitled to admission into the market community:

- the CPO as a company
- the companies fully or partly owned by the CPO
- the employees of the above mentioned companies,
- the owners of joint-ownership certificates with or without the entitlement to vote.

No other companies or persons have an automatic right to admission. Anyone excluded due to misuse of the market community also does not have any entitlement to admission.

Every person has to provide an identity card or passport during the admission. Companies are admitted into the market community by application from an authorised representative.

Participation in an information event, in which the basic principles of the market community and the differences to the pound or dollar system are made clear, is a prerequisite for admission.

During registration every member selects two participants of the market community (no companies) as intercessors, who will support her in finding a solution in the case that a conflict arises. The intercessors also have the power of attorney over the market account of the member, should the member be dead, unavailable due to illness or accident, or unreachable for more than three months (or refuses to communicate for that long). In this last case, the (futile) attempts to make contact with the member must be documented.

It is possible for a member to reject her selection as an intercessor, in which case the new member has to name another intercessor. The intercessors of a member company should not be employed by that company.

The General Meeting decides on whether to charge a registration and/or an annual membership fee.

9.10.2 Termination of Membership

Membership of the market community may be terminated by the member at any time without giving any reasons.

A positive account balance can be transferred to another member, the account of a project or charity, a solidarity fund account, or it can be exchanged for certificates of the CPO, if they are available via the holding account at that time.

In the case of an account balance of zero, returning any deposited securities in full is the only action required.

For a market account with a negative balance, in general the corresponding amount of securities is retained. Since securities vary in type, here are more explicit suggestions:

- In the case of joint-ownership certificates the account is balanced by a transfer from the Holding account of the CPO, in return for which the corresponding amount of joint-ownership certificates is allocated to the holding account in the Register of joint-ownership certificates. An indirect alternative, which may be more advantageous for both parties, is the trade of national currency for creation rights, with their subsequent sale for Groks. This adds more value to the ReeComm and allows the account holder to retain possession of the joint-ownership certificates.
- Grok creation rights can either be treated similarly, i.e. registered to the CPO and paid out of the holding account; or offered for sale on the marketplace (for Groks only) by the ReeComm on behalf of the account owner.
- If activity points (see Activity Point System) have been deposited on a personal secured account, then they can be transferred to a system account for paid-out activity points, and the member account balanced either from the holding account or from a special system account for this purpose.
- If the creation facility was accorded for membership in an affinity group then the account must be balanced by equal contributions from all the other group members.

9.10.3 Expulsion

Misuse of the market community leads to immediate expulsion. If transactions have been made in connection with the abuse then they are to be reversed. If possible and appropriate the offending member can be sued for damages. Any remaining joint-ownership certificates of that member are only returned to her after the legal case has been closed.

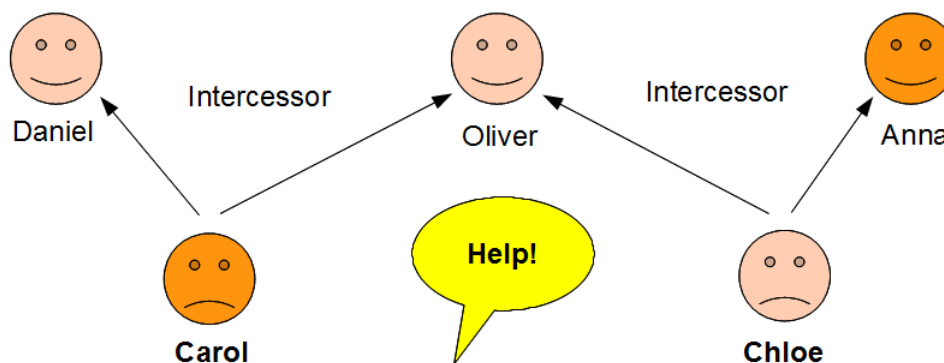
9.10.4 Stored and Visible Member Data

Every member is displayed with a photograph (for companies with their logo) and contact details, as well as links to her two intercessors in the market community. The market account is prominently marked as being for a private person or a business.

For under-age members their age is also published.

9.10.5 Conflict resolution

If a conflict arises which cannot be resolved by the parties themselves, then the first thing to do is to ask their intercessors for support. If a solution still can not be reached, then a mediator is to be called in, whose effort is remunerated by the two conflicting parties. The contract negotiated with the mediator is then published within the market community.



Conflict resolution with the help of intercessors

Should the people involved take legal action, then this will also be published within the market community.

9.11 Fees applied in the Market Community

The work carried out for the administration and organisation of the market community is remunerated. To this end fees are charged, the amount and usage of which is decided by the General Meeting. The fees have to be made at least so high that the expected amount of work needed for administration and organisation can be remunerated. The amount of work estimated for the following year is presented openly at the General Meeting.

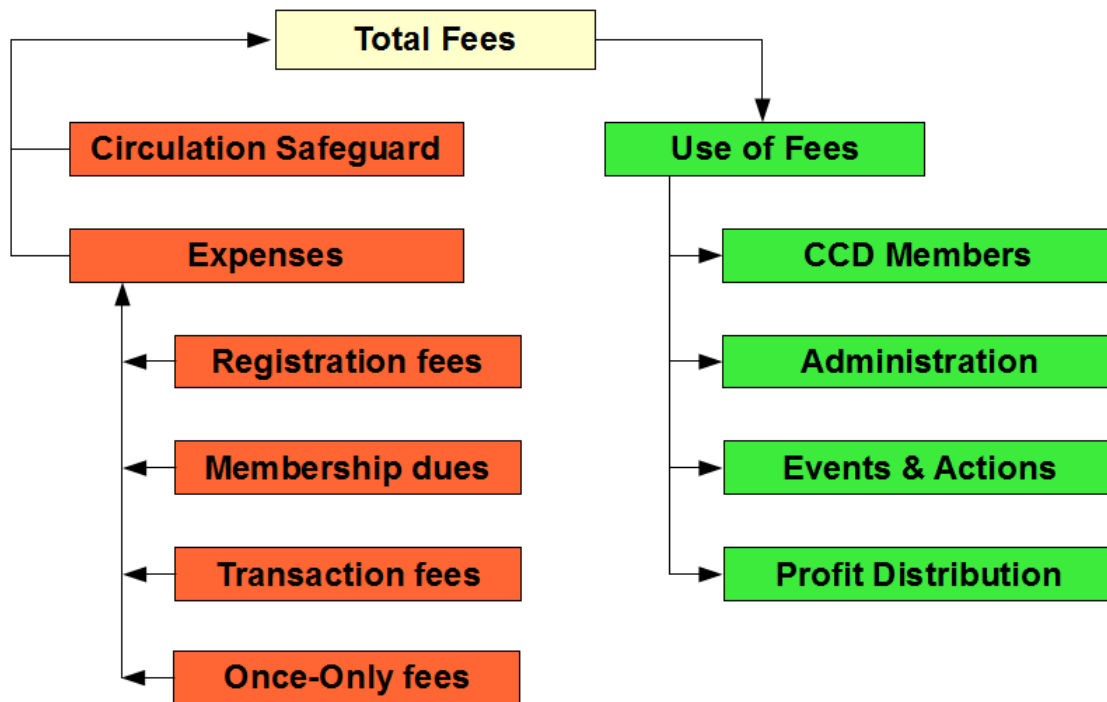
Beyond the remuneration of the work groups, the fees may also be used for hosting events, supporting social projects or for financing an unconditional basic income for the market participants.

Since the circulation safeguard fee is an integral part of the complementary currency system and pivotal in its conception, the General Meeting may change its amount, but not abolish it entirely. Additionally, a registration fee in pounds or dollars and/or an annual membership fee in pounds / dollars or Groks may be charged. A fee for granting and changing the credit range is also conceivable.

You may however find that the fairest way to levy fees is a transaction fee. (The Coop in Munich voted for 1.5% per transaction, payable as an extra booking and charged to the person purchasing the goods or services. Thus it is easy to sum these costs, as will be required for tax deduction purposes by users of business accounts). The reasoning for preferring a fairly high transaction fee is

that those who can afford to spend more currency can also afford to contribute more to the community.

If an annual membership fee is charged, then this may also be settled through active work for the market community. There are several ways to do this: Tasks which may arise at events (putting up tables and chairs, errands, selling drinks, etc.), work in one of the groups (administration, organisation), maintaining the online-accounting software, etc. For certain tasks, e.g. the maintenance of the software, the possession of adequate skills will be a prerequisite.



Fees in the market community, and their uses

Fees paid in Groks are not withdrawn from circulation, since the (final) recipients are also active members of the community.

9.12 Founding a company

A newly trained craftswoman would like to set up her own business, however she does not have the necessary financial resources to do this, nor enough securities to receive a loan from a bank.

Since she is open to a long-term viable way of doing business, she comes into contact with the Regional Economic Community. The Regional Economic Community has its own surplus to reinvest, and it finds additional private and corporate sponsors in the region who would like to invest in a new long-term viable business and/or an existing business which is to be handed over.

The young craftswoman runs the business as the chief executive for an unlimited amount of time – she and her employees do not have to worry that their contracts may be terminated so that the business can be sold for a profit. She has a strong community on her side, which will actively support her also in times of crises, because it is in everyone's interest that the business can also run

well in the future. The community provides advice and accompanies her while she starts up as self-employed, with the focus being on long-term viability.

The new business is not dependent on the development of interest rates on the pound or dollar market, because it does not have to pay back any loans.

9.13 Transfer of company ownership

A businesswoman in the region would like to retire and hand over her business. However, she is concerned that her employees should not be laid off.

The CPO takes over the existing business as a contribution in kind and in return gives newly created joint-ownership certificates with the equivalent value to the previous owner. The community finds a new chief executive for the business and provides its own experts so that the handover and the re-orientation towards a long-term viable way of doing business can take place as smoothly as possible.

The previous owner has several possibilities for using her new joint-ownership certificates (which can also be combined):

- She can sell them on the pound or dollar based market in order to use the proceeds, for example to pay off a mortgage on her house.
- She can sell them one by one for Groks on the marketplace of the market community, in order to purchase goods and services she needs in her daily life. The price of the certificates is negotiable, as with all other market trades.
- She can trade a number of them for Groks on the marketplace, and then lend the Groks to a new long-term viable project – she may also wish to work part-time on the project herself.
- If she does not wish to "sell" her certificates, she can as a guarantor deposit them for the account of another community member. Thus Groks can come into existence, backed by her certificates, for which she herself does not pay the circulation safeguard fee – a sort of interest-free long-term loan. The favoured member could for example be an initiative to erect locally situated wind turbines, i.e. she has the option to support increased resilience of her home district.
- She can deposit them for a high credit limit on her own Grok market account, and use it for other business purposes. She can thus continue to make her knowledge and abilities available to the market community on a part-time basis, and use the Groks earned in this way to meet her daily needs. Furthermore, in this case she receives an unconditional basic income, if the general meeting of the CPO has decided to provide one.

9.14 A heavily indebted company

The senior executives of a regional company are close to giving up on the company because of high debts to the banks. On the other hand, they feel a responsibility for their employees and want them to keep their jobs. The company also fits the criteria of the Regional Economic Community quite well.

The CPO takes over the company, after it has drawn up a plan together with the current executives for paying back the debt of the company and for strengthening its orientation towards a long-term viable way of doing business. The money needed to repay the debts comes from the sale of joint-ownership certificates to private and institutional investors within the region.

Under the umbrella of the CPO and free from the burden of debt, the previous chief executives can begin to restructure the company step by step towards a long-term viable way of doing business according to the agreed plan. The jobs can thus be kept. Profitability can increase further through synergies with other companies of the CPO. The surplus which is to be expected from this is distributed among the certificate owners of the CPO.

9.15 Local authorities as investors for municipal functions

The council (local authority) is broke and can no longer run the town's indoor swimming pool. It neither wishes to close the swimming pool, nor to sell it to a private investor.

The local authority hands over the indoor swimming pool as a contribution in kind to the CPO and in return receives joint-ownership certificates of the community. It uses the certificates to get a credit range on its new Grok market account with the market community.

Via this account, the local authority can now for example pay for services from craftswomen which are necessary to repair the roof of a school. To generate income for the market account, it can offer public services (bus tickets, lending fees of the library, etc.) in exchange for Groks. It could possibly also accept payment for the business tax of the companies of the CPO fully or partly in Groks.

The CPO founds a new company (for example in the form of a social cooperative) to run the indoor swimming pool. Together with the new management of the swimming pool, dedicated citizens and external experts it works out a concept of how the swimming pool can be run in a long-term viable way. Possibly it can arrange for a local energy supply for the pool, and the services required for the renovation are remunerated through joint-ownership certificates of the community.

9.16 Why participate?

9.16.1 Businesswomen

The Regional Economic Community offers businesswomen the possibility to

- orientate their business towards a long-term viable way of operating,
- make investments which would otherwise not be possible,
- found or take over a company without any private capital,
- use less capital provided by others,
- find a successor for a business,
- to participate in a regional economic cycle using interest-free money.

9.16.2 Private and institutional investors

- put their money into sustainably operated assets, and
- can observe the effects of their invested money in detail.

9.16.3 Self-employed people

- can charge for their wares or services in Groks combined with pounds or dollars and
- thus find new clients in the region.

9.16.4 Employees and contractors of companies

- can acquire certificates of the CPO through their work and
- can extend their Grok credit limits by depositing them, if they wish.

9.16.5 The citizens

- gain an insight into the long-term viability and thus the sustainability of the companies,
- get an income in Groks for rendering neighbourly help,
- profit from the regional development and securing of basic supplies within the region,
- gain access to a platform for founding communal projects, e.g. housing development.

9.16.6 The local authority

- can transfer some of its projects to a social cooperative,
- thus strengthening the citizen's sense of their own responsibility,
- takes part in the interest-free payment of services,
- supports the regional economic structure.

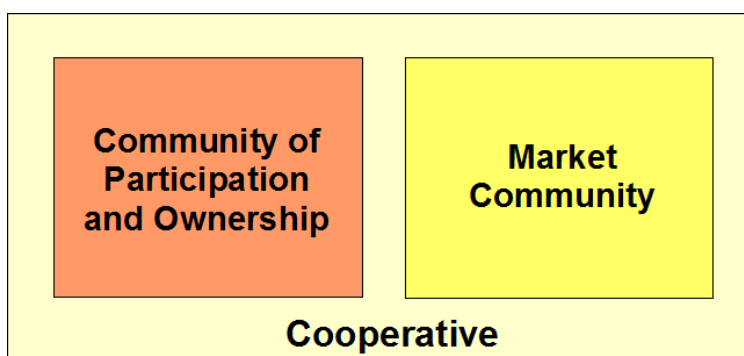
9.17 Legal forms

This is how the English wikipedia describes a Cooperative:

"A cooperative (also co-operative; often referred to as a co-op) is a business organization owned and operated by a group of individuals for their mutual benefit. Cooperatives are defined by the International Co-operative Alliance's Statement on the Co-operative Identity as autonomous associations of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through jointly-owned and democratically-controlled enterprises. A cooperative may also be defined as a business owned and controlled equally by the people who use its services or by the people who work there. Cooperative enterprises are the focus of study in the field of cooperative economics."

This description matches the intentions of the Regional Economic Community very well.

9.18 A Regional Economic Community as a Cooperative



Business Divisions of the Cooperative

The ReeComm is founded as a registered [cooperative](#). The CPO and the Market Community are run as two separate business divisions of the one co-op. To have both under the same legal and commercial roof is expedient, since the market community may sell Groks and pass the proceeds to the CPO for investment, or accept activity points earned by working for the CPO as payment for selected services, or even convert them to Groks

as final remuneration. Both are also linked via the regulations concerning CPO Profit distribution.

In the following sections, the structure of the CPO and the market community (as they have been described in the previous chapters) are projected onto the structure of a single cooperative.

Note: This description currently follows German law regarding Cooperatives, and thus will almost certainly not be 1-to-1 applicable to the UK situation. But a description of the UK laws and possibilities would in turn not be applicable to the USA for example, and so on. We will be glad to receive and incorporate suggestions specific to your local laws and customs!

9.18.1 Bodies of the Cooperative

The bodies of the Cooperative are, where applicable, those of the CPO (the CPO's Meeting of Entrepreneurs has no matching body in the Cooperative).

The Cooperative General Meeting consists of the persons who have joint-ownership certificates of the CPO with the entitlement to vote. The Council of Representatives of the CPO takes on the role of the Supervisory Board. The Executive of the CPO is the Board of Directors of the Cooperative.

9.18.2 Business Division CPO

The business division CPO looks after the companies in which the Cooperative has participated fully or partly. It organises the Meeting of Entrepreneurs and manages the register of joint-ownership certificates as well as the Holding account.

Certificates of the CPO without the entitlement to vote are issued by the Cooperative as certificates of participation in future yield.

Members of the CPO will generally also be members of the market community, although this is not mandatory. It should however be noted that members of the CPO can only take part in the distribution of Grok surplus if they maintain a market account with the market community.

9.18.3 Business Division Market Community

The business division Market Community cannot be completely independent of the business division CPO, if the bodies of the cooperative are those of the CPO, as suggested above. The co-op must by law care for the economic welfare for its members, thus it must have a "final say" or veto rights to ensure that it will not be compromised by economic decisions of the market community, whose members need not be co-op members.

The General Meeting of the market community is not identical with the General Meeting of the Cooperative. Every member of the market community has one vote in the market community General Meeting.

The business division is run by the Council of Control and Decision elected by the market community General Meeting. Major decisions affecting the financial status of the co-op should be met in unified General Meetings of members of both the co-op and the market community; minor ones should be ratified by the Board of Directors of the Cooperative.

The administration is performed by the organisation team. The events group is responsible for the organisation of events.

In order to participate in the market community it is not necessary to be a member of the Cooperative. The credit facility of the market account can be safeguarded by the deposition of certificates of participation in future yield (= joint-ownership certificates without the entitlement to vote), for which membership of the Cooperative is not required.

9.19 Alternative legal forms

As well as a single registered cooperative society, the following alternatives have been considered.

9.19.1 Market Community as a separate legal body

Market Community and CPO can also be founded as separate legal entities.

In this case, the foundation of the market community as a further Cooperative suggests itself. Since the market community clearly also pursues economic goals, in particular by soliciting providers of professional taxable services, a club or foundation would not be applicable.

But since the two communities are closely linked economically, combining them in a single legal form should be much easier (and cheaper).

9.19.2 Transfer of the assets to a security pool

The assets of the Regional Economic Community (shares in companies, real estate, joint-ownership certificates) could be stored in a security pool, which could (in Germany) have its own legal form as a partnership under the German Civil Code (BGB). The intent behind this idea was to reduce the local business tax.

This idea was rejected for the following reasons:

The Regional Economic Community aims to include the local authority – therefore it cannot at the same time use a tax loophole in order to avoid as much business tax from the German local authorities as possible (unlike in other countries, the German local authorities finance themselves mainly through the business tax from local companies).

If the CPO as a Cooperative were to give out joint-ownership certificates for assets which are owned by a security pool, not itself, then this would contradict the idea of transparency and simplicity – but these are essential criteria for long-term viability.

The burden of business taxes will minimise itself anyway. It has to be paid on interest from loans, leasing rates, rent payments, pension payments and other regular bills, payments for concessions and licenses. All these costs arise if the community doesn't own what it uses. The intention of the Regional Economic Community is exactly contrary to that. Its declared goal is to work with its own production means.

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10 Starting up a Regional Economic Community

The steps described below do not have to be followed in exactly this order. Be open to creative deviations, as long as you don't lose sight of the overall plan.

10.1 Form a Founding Group

A community cannot be started single-handedly. Thus you will need to form a group with like-minded people, which is willing to take responsibility for the founding of the Regional Economic Community. The founding of a (German) Cooperative requires a minimum of three members.

Take time for each other and get to know the others as well as possible. Who is able and willing to do which tasks? Lay down rules for how you will want to deal with each other should conflicts arise. Practise communicating and interacting with each other in a respectful and open way. Experience and observation show that the energy of the founding group will ripple out to the new enterprise, sure as eggs is eggs!

The founding members ought to have understood the concept of the Regional Economic Community very clearly, including both the concepts of the CPO and the market community.

However, it is essential and an absolute requirement for the foundation of this enterprise that the founding members see the new enterprise as a collaboration requiring team work: the emphasis is on cooperation and individual responsibility, not individual interests.

The founding members ought to be willing and able to buy the first joint-ownership certificates of the cooperative through monetary contributions, in order to cover the founding costs.

Keep a record of the time you are investing in the foundation. Reach an agreement within the founding group about how this time investment is to be remunerated (e.g. with activity points).

Determine who is to be the official contact person of the founding group.

Don't reinvent the wheel – try to get advice from ReeComms which have already paved the way, or from the concept authors.

10.2 A business plan for the Cooperative

Draw up a business plan for the Regional Economic Community. The business plan may also be needed in order to become a member of the cooperative union. In Germany, every cooperative has to be a member of a cooperative union.

Plan the infrastructure of the CPO as well as the market community for their future operation. Will you need an office or are you going to work together in a decentralised way? Do you need new PCs?

Which tasks of the future operations will you be able to do yourself? Which do you want to out-source? What expenses are going to come your way and how will you cover them?

10.3 Proclamation – get your plans publicly known

Invite interested businesspeople, citizens, investors, representatives of the city council, etc. and introduce the concept to them. Afterwards, collect and sort through the ideas and impressions which you encounter at these events.

Find out who is willing to contribute financially and/or actively and in which areas. Collect the addresses of interested people. Speak openly with those people. Adhere to the principle of transparency from day one.

10.4 Cooperative Charter and Contracts

Put together the charter for the Cooperative as well as draft contracts. If possible, find a qualified solicitor or lawyer who wants to join the cooperative to work with on these topics.

Choose the cooperative union of which the new cooperative shall be a member. Pay attention to what support you get for which price from the different unions. Inform yourself about the founding costs.

10.5 Find appropriate businesses

The first companies or projects which are to be run by the CPO have to be found. These can be existing companies which wants to become (more) long-term viable, or companies or projects which are to be newly founded. Make sure that you have companies in different branches to spread risk, and if possible that their products serve basic needs.

In the case of an already existing company, you should make a preliminary contract with this company for the handover into cooperative property, before you work out a detailed plan for this company and begin courting the investors. A written statement of intent from both sides and laying out the next steps helps in finding the people to buy the joint-ownership certificates.

10.6 Realistic road-maps for the businesses

Draw up plans how the companies can become (more) long-term viable. Determine the required money, skills and other resources as realistically as possible. Make a schedule which is also as realistic as possible.

10.7 Find and convince appropriate shareholders

Find shareholders who are willing and able to contribute the required money, material goods and/or do the necessary work.

10.8 Found the Cooperative

Once the first company / companies as well as potential shareholders have been found and a long-term viable plan has been made, you can found the Cooperative as prepared.

The founding meeting decides on the amount and price of the joint-ownership certificates needed in the beginning. The company / companies and their existing shareholders become members of the cooperative at the founding meeting.

10.9 Go!

Once the Cooperative has been founded, you can sell further certificates, install the infrastructure of the business divisions and start with the actual work ;-)

11 Further Sources

11.1 On the Concept Website

The concept website contains a number of further pages:

- FAQ: [General questions](#)
- FAQ: [The Community of Participation and Ownership](#) (CPO)
- FAQ: [The Market Community](#)
- Currency: [Grok theory](#) – The Grok explained in alternative currency theory
- Currency: [Legal tender & Grok](#) – National currencies explained briefly & compared with the Grok
- Currency: [Fiat Money](#) – Shortcomings of fiat money and some resultant problems
- Currency: [The bidding of the many](#) – On democracy, market economies and capitalism
- Infothek: [Newsletters](#) / Initiatives / Domains / Archive / Contact
- Reflections: [Manifesto for ReeComms](#)
- Reflections: [Guts · Heart · Mind](#) – The Essence of Regional Economic Communities

11.2 Long-term viability and sustainability

11.2.1 Links

Link	Description
transitionculture.org	Rob Hopkins Blog
circinfo.wordpress.com	Community Information Resource Center
peakoil.com	Exploring Hydrocarbon Depletion – news and message boards

11.2.2 Books

David Holmgren: Permaculture – Principles & Pathways Beyond Sustainability

Rob Hopkins: The Transition Handbook – From Oil Dependency to Local Resilience (Transition Guides)

Joanna Macy, Molly Young Brown: Coming Back To Life – Practices to Reconnect Our Lives, Our World

Jeremy Rifkin: The Empathic Civilization – The Race to Global Consciousness in a World in Crisis

11.3 Monetary systems

11.3.1 Links

Link	Description
monneta.org	Money Network Alliance for the Development and Implementation of Complementary Currencies
geldreform.de	Some links to monetary topics in English

Link	Description
themoneysyndrome.org	Presentation of the book The Money Syndrome by Helmut Creutz
monetary.org	Website of the American Monetary Institute (Director: Stephen Zarlenga)
beyondmoney.net	The website of Author and Speaker Thomas H. Greco Jr.
moneyasdebt.net	Three online-films / DVDs from Paul Grignon on Money as Debt (and on Digital Coin)
reinventingmoney.com	Ideas and sources of information about money and banking
cyclos.org	Open Source Complementary Currency Software

11.3.2 Books

Helmut Creutz – The Money Syndrome

Thomas H. Greco Jr. – The End of Money and the future of civilisation

Stephen Zarlenga – The Lost Science of Money

Bernard A. Lietaer – Future of Money – Creating New Wealth, Work and a Wiser World

Thomas H. Greco Jr. – Money: Understanding and Creating Alternatives to Legal Tender

Michael Rowbotham – The Grip of Death: A Study of Modern Money, Debt Slavery and Destructive Economics

12 Concluding remarks and acknowledgements

12.1 of Anna-Lisa Schmalz...

This concept was inspired by many ideas, which found their various ways to me through books, via the internet and in personal conversations.

Special thanks are due to Helmut Creutz, Bernard Lietaer, Reinhard Deutsch, Wolfgang Berger, Bernd Senf and Geseko von Lüpke, whose texts helped me to understand how money functions. Martin Schmidt-Bredow, Lutz Jaitner and Helmut Krause provided valuable tips and impulses in the informative discussions which assisted the birth of the market community concepts. The ideas of Christian Gelleri („Chiemgauer“) and my active role in the extended management group of the Amper-Taler Regio eV (complementary currency in Dachau) helped me to understand regional currencies in action.

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Franz Galler and Norbert Rost provided me the first clues on combining companies and complementary currencies. The "Regionalwert AG" of Christian Hiß in Freiburg showed me how a company can be structured to combine active citizen participation and professional, sustainable business practice. The discussions with Willehad Zumbrägel helped me to finally put the pieces of the puzzle together which I had been working with for months.

My special thanks goes to my husband Tim Reeves, who first put me on track to delve into the topics of money, sustainability and transition.

12.2 of Tim Reeves...

This concept was indeed mainly the work of my wife, to whom I express my deepest gratitude – on behalf of all beings on this planet. It was most inspiring and fulfilling to sit with her at the kitchen table and share the both academic and passionate discussions which helped to get over some of the "sticky points", and find solutions which are both practical and spiritual.

In August 2011 I took up the questions of money construction, liquidity and money reform and reworked and extended the concept in these respects. My heartfelt thanks for the books and discussions which provided me with the necessary input go to Helmut Creutz, Thomas H. Greco Jr., Leander Bindewald, Mark Burton and Josh Ryan-Collins. In January 2012 I removed the idea of demurrage on negative account balances, which would penalise the creation of currency; and added the terms "creation balance" and "earnings balance" to help us move away from the misnomer of "credit".

We do not view this concept as our property, but as a freely accessible source of inspiration under the Creative Commons CC-BY license. If the concept or larger parts of it are copied, we wish to be named as the authors. We hope that indeed many people will be inspired to take action of their own, and will be glad of any feedback, especially on implementations based on the concept.

If you have any questions or feedback, we will be glad to receive your call or email.

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13 The authors



Anna-Lisa Schmalz, born 1962 in Bavaria, has a Masters Diploma in Maths, and has worked for over 20 years predominantly as an IT freelancer. One of her main objectives at work has always been to acquire a thorough understanding of customer requirements, in order to find economically efficient solutions for them. Since 2001 she has studied the psychological background of human development and gained significant personal experience in this field. Her youngest passions have been to understand the bottom line of how money works, and to gain in-depth insight into sustainability and viability.



Tim Reeves B.Sc., born 1954 in South England, studied Computing Science and (Astro-) Physics at QMC London. In 1977 he emigrated to Germany, where he still lives. He has worked predominantly as a programmer, also 6 years as a group leader for relationship topics and perception training. His thirst to understand the meaning of life sparked private study of cosmology, quantum physics and spiritual topics. In the course of time, these led to a noticeable leaning towards Tibetan Buddhism. He has 3 daughters, the eldest with a B. Sc. in Theoretical Physics from ICL. His personal orientation is to view and perceive things from as large a perspective as possible.