

# The Ecosustainable Currency

Contributed by Carbon Currency Foundation

## The Ecosustainable Currency

by Giovanni Caporaso <sup>1</sup>

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The Carbon Currency Foundation is a non government and no profit organization (ONG), working in the 5 continents and has an ambitious project: creating an ecological currency complementary and negotiable with reserve the rain forests. The project arouse some suspicions in the legal and economic aspect. The Italian economist Fabrizio Zampieri <sup>2</sup> defined the project: "an idea not much science fictional and theoretically practicable" and Eurofinanza asked him to analyse technical and ethic aspects.

In the old days, coins were only metallic, the most precious were made of gold or silver. In fact, the names of the currencies reflected a precise quantity of gold or silver. For instance, English Guinea corresponded to 129,4 fine gold grains. The Silver Spanish dollar corresponded to 387 fine silver grains. As bank-notes were more and more used, precious metals, especially gold, were stored in bank safes as "reserve" becoming reserve currency. To a specified quantity of bank-notes in circulation corresponded (at least theoretically) a fixed quantity of gold in the safes. In 1971 however, the American president Richard Nixon eliminated the convertibility of dollar in gold. Since then we've been talking about "flat" currency, that is a currency based on people's trust. In the case of dollar, this trust has been encouraged keeping the American currency as the only one that could be utilized to purchase some goods, such as oil. This explains why geopolitically the United States have been so sensitive towards the oil-field areas. In fact if oil was exchanged for euros, the European currency would automatically become "reserve" currency. Margrit Kennedy, the well-known German economist who promoted the local currencies in Germany, usually narrates this story: a woman goes to a hotel and pulls out a 100€ note to book a room for the night. With that money the hotel-keeper pays the baker, whose wife goes out to buy a new dress. The tailor needs his car to be repaired and the mechanic, always with the same note, pays a mobile phones' pitchman, who lately goes to the hotel to book a room for the night and pays with the same 100€ note. But in that precise moment, the woman who started the story comes out saying she doesn't want the room anymore, takes back the 100€ note so that it returns to her hands. As she gets out of the hotel, she sets fire to it&hellip; as, she affirms, it was false! The moral of the story is that, by means of just one 100€ note, goods and services for at least 500€ value have been exchanged in only one day. And with just one note, even false! Many economists point the lack of real reliability of currencies as primary cause of serious geopolitical instabilities. Whatever could be the base of the reserve of a currency (gold, oil, or &ndash; even &ndash; drugs, used as currency in the medieval Venice and even before by ancient Romans), this reserve is stored with much care. From this a new idea is born to use a good absolutely to be preserved - the forest &ndash; as warranty for a special monetary issue. If, as some suggest, a gold currency was re-established, every person would be due for 25 g each. In fact, the gold extracted since the mists of time amounts to 151 millions of ton today. People are a little more than 6 billions. With 400€ gold each, trade would collapse. Bernard Lietaer, one of the most experts of monetary matters in the world and one of the architects of Euro in the Central Bank of Belgium, asserts that "money is like an iron ring we put on our nose. We forgot we have designed it, and now it itself drags us along". According to the economist, people and corporations don't compete for markets and resources. They compete for money, using markets and resources to get it. So planning and using different money means to redirect most of the collective effort of the mankind. Actually, apart from local currencies, there are already many complementary "currencies" in use, even if they are not called with this name, such as ticket restaurant or frequent-flyer's coupon issued by airlines, that are regularly exchanged.

The Carbon Currency Credit, or the ecosustainable complementary currency proposed by the Carbon Currency Foundation, represents a higher project, legally valid as international laws don't limit the issue of currency to governments and above all it is an ecosustainable idea, not much far from reality, and that could save the tropical forests.

Eurofinanza asked Professor Fabrizio Zampieri to analyse the technical and ethic aspects of a project of a complementary currency for the safeguard of the rain forests: the Carbon Currency Credit.

The summit of Potsdam has recently concluded, where the G8 have participated together with, for the first time, India, Brazil, Mexico and South Africa. It is known that together these Countries are responsible for the 75% of the noxious emissions and for the atmospheric pollution. In Potsdam they especially talked about atmospheric heating and climatic alteration, however, under the pressure of the environmental movement, that was largely present near the summit site, they also faced questions like the protection of some animal species at risk of extinction (whales, African elephants, and so on) and actions in defence of biodiversity. Even if actually the actions remain isolated, not resolute and stand on their own, the safeguard of the rain forests present on our planet, with a particular attention to the Amazonian, falls within this field. Many local and international organizations, beyond the major interested Countries, are already working on initiatives for the safeguard and protection of these precious "resources", but the international economical / financial interests prevail on those social and environmental so that many actions produce sterile and limited effects in the time. Various are the proposals to resolve such a difficult issue but worth of attention the proposal of the Carbon Currency Foundation. [www.carboncurrencyfoundation.org](http://www.carboncurrencyfoundation.org), with the "creation of a negotiable currency for which the rain forests could represent the reserves or guarantee": it would go to fight the "economic interests" in their own field, that is the financial field. The first step would be in creating a complementary currency (carbon currency credit), but not alternative, legally recognized or less and to be used in vast or smaller territories in coincidence with the territory that covers the main currency. The "complementary currency" in fact is a currency whose use does not exclude the use of another currency, usually legal, in one given community; different is the "alternative currency", which is a local currency whose use excludes the use of another currency that legally exists, in one given community. This "complementary currency", so to be accepted, should not obstruct two of the principal functions of the legal reference currency (i.e. Brazilian Real, US dollar or Euro): a) exchange reference. The carbon currency credit should be used at the same time as the legal currency for payments, or rather should be related by a precise rate of exchange to the legal currency (Brazilian Real, US dollar, Euro) so that mixed payments with different currencies can coexist and in order not to be rival in the function of exchange; b) value reserve. It does not have to be accumulated beyond a certain quantitative, with the difference of the legal currency, and the aim is not to compete in the function of reserve value, in order not to be put on top of the legal currency. Such complementariness should have the only function of exchange. This complementary currency, even if not legally recognized, should support the function of the legal currency for exchange, favouring the encounter between goods and services. Its use in practical, should be source of well-being for the community and the landmark. On ethical level, moreover it is right to encourage and develop the use of complementary coins when necessary to satisfy unsatisfied needs or unused resources. An alternative currency, on the contrary, is not always practical for the well-being of the community; its circulation, in fact, being of obstacle to the use of the legal currency, could create "contrasts" between the two currencies and slow down the expansion of exchange, therefore damage also the productive activity of goods and services. To conclude the premises, a complementary currency represents the only kind of currency that allows not only theoretical but also a practical compatibility with legal currency now in circulation.

So we have seen the possibility to issue a new complementary currency (carbon currency credit) which could represent a valid financial solution, therefore effective, long-lasting and global, for the safeguard of the rain forests. Technically all this is possible on conditions that on the territory, human, technological or natural resources exist, like in our case, (the rain forests), available and not in use. Governments, international institutions and/or local authorities interested in the project should first of all study and agree on a "Territorial Pact", for delimiting and tracing a geographical area for operating and to engage themselves to issue a new complementary currency, whose numbers are hooked to the official currency of reference, in one given amount proportional to the "dimension" of the rain forests. In this case, the forest would represent the effective and real "guarantee", necessary conditions to issue the currency. For example: in circulation there could be put a printed defined number of bank notes (carbon currency credits) hooked to the extension of the forests in square km. The carbon currency credit could circulate within but also out of the areas, and therefore could be used jointly with the main currency, for purchasing goods and services from the companies and the local authorities present in the area of the "Territorial Pact". This does not move the fact that also other operators (Banks and Enterprises) outside the area

could accept the banknotes, It is however important to reflect on the critical areas of the project. "Carbon currency credits".- The difficulty, in fact of involving actively a such number of governmental, economic and financial institutions so to give the initiative a world-wide "visibility" and a practical effectiveness,- The carbon currency credit should not be used in alternative to the referred currency but should carry out its function of complementary currency. (In theory should be used for purchasing local productions of goods but also goods and services from organizations belonging to the "Territorial Pact").- The carbon currency credit should not be accumulated nor become reserve value, but should circulate and be used in the normal transactions (buying goods and services).But the major risk is represented by the loss of value for the new complementary currency, value directly provided by the dimensions of the existing rain forests, that is, how much greater is the area subject to deforestation (decreasing of the reserve) much greater will be the devaluation of the carbon currency credit.Obviously, this negative aspect should represent an opportunity and a stimulation, for both issuing and owner of this value, in action to protect the natural resources. In this way the complementary currency would represent a form of social-economical growth, even in promoting occupation by increasing local internal products.Even the organizing aspects deserve some considerations: the local administrations should accept this new value even for payments of taxes and tributes, and vice versa, even for supplying extra social service; other government authorities (police, civil guards etc) should instead supervise on the amount of banknotes in circulation and, above all, on the authenticity and the acceptance of these in public and local companies.The carbon currency credit project, on my point of view, can be realized theoretically and practically, but I agree with other economists in stating that apart the necessity of a period of test for verifying the initiative on, the main crucial point is represented by the conversion of the new currency in a long term. In a brief-medium term this project should bring positive and effective results and the new currency fulfil in full the scopes for which it has been created (safeguard of the rain forests and social economical development of the native populations in risk of extinction), but in long terms it is difficult to assume a positive scene in regards to this problem (converting).It is possible however to think of various hypotheses of work in order to prevent eventual failures, but probably the most simple application is as follows:-

- After having established the promoters of the project, in this case the Carbon Currency Foundation, and once defined the "Territorial Pact", it would be convenient that the States and/or central banks withdraw and buy the carbon currency credits equally, obviously in the respect of the maintenance of the reserve. (rain forests).

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