Hello!

My name is Irene and I am specialising in ecological economics, feminist economics, social and solidarity economics, and of course, heterodox theories and practices of money and finance.

We are going to explore what sustainable finance could be within the broader context of modes of distribution.

What is sustainability? It is the capacity or feature of a system to regenerate itself in a way that this system is reproduced without achieving this at the expense of the systems with which that same system is connected in any way. For example, a sustainable economy is an economy that is not reproduced by destroying ecosystems.

Apart from the environmental, there is also the social aspect of sustainability - which means that a financial system, a monetary system should not harm communities, should not destroy societies. And therefore we need integrated approaches that simultaneously protect nature and support social justice and collective well-being.

What is a mode of distribution? It is a way of arranging who gets what from the produce of an economy; who is rewarded for their labour and in what ways; where the surplus or accumulated wealth goes to; and who has control and makes decisions about the accumulated wealth of a community.

There are various modes of distribution. A mode of distribution that we use every day is currency, it is money. There are monetary instruments and monetary systems. There are also non-monetary exchanges, bilateral or
multilateral; that is, between two parties or many members of a community. There are sharing practices and there are also arrangements for collective production and consumption of goods and services. And of course, there are the commons, which is a mode of distribution in reality and also a mode of production.

The modes of distribution function at various scales. It can be family, neighbourhood, city, region or a country or even international.

We easily recognise as money the currencies we use in our everyday lives because those are used by everyone and they are accepted by everyone. Because those currencies have been designated as official by a state authority and also as a legal tender – that is, the state authorities accept that specific currency as a means of payment for taxes or fines.

Therefore, the prices we see in the economy, the contracts and loans we agree, and even our perceptions about value are linked to that official currency. And our financial systems are based on that official currency.

However, there are other currencies that are not produced or sanctioned by central banks and states. Those are named parallel currencies, community currencies, complementary currencies, digital currencies, cryptocurrencies. In some cases, various currencies circulate in the same country with or without the official permission of the state authorities.

And there are of course, accounting units. An accounting unit is a measure of value or of quantity of wealth without that unit necessarily being used for payment. It’s only used for calculating the quantitative aspects of the economic activity.

You probably have heard so far the Local Exchange Trading systems that have been very popular in the UK the previous decades; and you have probably heard about mutual credit systems; the Bristol pound which has become Bristol Pay very recently; the Sardex currency in Sardinia, Italy; the trueque nodes and the arbolito currency in Argentina about 20 years ago; the Banco Palmas and the Palmas currency in Brazil; the time banks that exist in various countries and they use an hour of time as the accounting unit for calculating the work that the time bank members do; and you probably have heard of cryptocurrencies and other digital currencies. And there also currencies related to local products that are used as accounting units or even payment means. It could be firewood, eggs, olive oil, dairy products etc.
There are of course arrangements and distribution modes where no money is used at all. For example, there is countertrade which can be local or international and very business oriented in reality. There are exchange networks that can be generic, including all goods and services, or specialised, focusing only on one good or service. There are payments in kind without the use of an entire network to be realised. And those non-monetary transactions might have various accounting units or they might not be using any accounting unit. That depends on the type and the form of the economic activity.

A very important aspect of the non-monetary exchanges is that they have a lot of time-deferral. Because they are very convenient for seasonal production and for people who want to enter into a transaction with someone else but they can provide goods and services after some time.

The non-monetary transactions have different measuring practices. Some of those practices are also used in monetary transactions. So, we have monetary transactions with a non-monetary part that usually goes unnoticed or unaccounted for:

- Imprecise measures, like a working day without precision of time hours. Or a container as a measure of value, like a basket or a bag of something, of apples, for example. Or some rules like “take up to five items from the free bazaar” without any other definition of the value of the items or any other obligation of the person who takes the items.
- We have generous measures, where people are giving more than what the official accounting unit requires.
- And we have sharing practices through which people have access to food and means of production, like tools, machines or raw materials. But also we have sharing related to other items that people give away because they don’t need the items, to other people or to entire networks where people might reuse the items that are given away.
- And we have collective production which is very common when it is about basic goods, like food, healthcare, or art and education.
- And we also have the commons that use non-monetary measures and valuations, even if part of the commons management or the commons production can be monetised, can be accounted in official currency.

How do we assess the sustainability of distribution modes?
The basic criterion, as I have already mentioned, is how much a financial system or a currency or a distribution mode can ensure the regeneration of an ecosystem and also the fair and just social interaction among the people who use that system.

We already know that our monetary system and our financial practices are not really sustainable, whether in environmental or social terms. Why? Because they are designed to undervalue or even penalise subsistence and reproduction work and sustainable activities like production of food and care work. And those same systems reward those who seek profit, that is monetary rewards, over everything else. Therefore, our economic and financial system rewards the people who harm nature and communities in order to gain profit.

The most striking example is the failure of the carbon emission trading system to deliver the promised results of reducing the carbon emissions. Therefore, we know that we cannot tweak a bit our financial system to make it sustainable.

What about the other distribution modes?

Well, those might be sustainable or not. The Local Exchange Trading Systems have been promoted and in reality have a lot of sustainable aspects. Some other currencies are not sustainable and have not been designed to be.

We have to make clear that the use of local money or the avoidance of money altogether does not make necessarily an arrangement be sustainable or equitable. And each practice, each distribution mode needs to be assessed in its context.

The basic criteria are: how much a currency or a distribution arrangement supports ecosystems; how much it prevents exploitation; how effectively it redistributes wealth to the most disadvantaged; and how the decision-making is performed, especially about accumulated wealth. Is a system democratic or it is just the few privileged who make decisions about a financial system or a distribution arrangement?

There are also some technical criteria.

For example, a centralised system tends to centralise wealth and money. Decentralised systems are better because the problems are visible at a small scale and it's better to solve issues at the source instead of waiting to see the problem when it's already out of proportion.
It is better to consider multiple instruments for distribution. It can be various currencies, it can be various non-monetary arrangements at the same time. Because, different social needs require different instruments to be satisfied. And there is no “one size fits all” solution, which means that one community or country might see benefit from a combination of instruments, while a different country might need to explore different instruments of distribution.

Community-driven solutions should be prioritised. The more a solution, a financial or economic solution, is designed to be top-down, the more it will be not as effective as everyone wants it to be.

If a monetary or financial practice tends to accumulate wealth in the hands of the few and the redesigning of it does not resolve the problem, that practice needs to be abandoned. It means that the whole practice is designed in a way that's harmful to the environment or to humans and human communities.

By saying that, I want also to point out that the design of the financial instrument is fundamental.

If one wants to remember one thing about how to find sustainable financial solutions, is that systemic problems require systemic solutions. If our financial system is not sustainable, we need another financial system. And if a solution we devise does not provide the sustainable results we expected it to provide, we have to redesign the solution or find another solution.

Thank you very much!

I understand that you have many questions and comments after such a short presentation over a topic that represents a quite extensive field of knowledge. If you want to read more, please, use the words and phrases of the presentation to search for more sources. I intentionally avoided to use examples from Greece because I know that you can find them very easily. You may also use the bibliography lists of my writings to find works by other scholars and practitioners of heterodox finance. My intention has been to show that in case we want to construct sustainable monetary and financial systems, we do have options.