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Money and finance

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Aigner, Ernest; Buczko, Christina; Cahen-Fourot, Louison; Schneider, Colleen

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Chapter 18: Money and finance

An overview of strategies for social-ecological transformation in the field of money and finance and the case of the Austrian Cooperative for the Common Good

By Ernest Aigner, Christina Buczko, Louison Cahen-Fourot and Colleen Schneider[42]

Introduction

In most contemporary economies, production and consumption occur through the means of money. These economies are therefore also market economies: what is produced is to be sold to acquire the money that makes it possible to buy goods and services produced by others. The use of money expresses the agents' participation in the market economy, including its division of labour, but also allows market and non-market productions (e.g., public services) to cohabitate (Théret 1999, Aglietta 2003). Money thereby ties together producers and consumers through interconnected balance sheets.

These monetary relations are debt relations. Indeed, any payment is a debt settlement (Aglietta *et al.* 2018), not only reimbursements of formal debts. For instance, when one buys bread, the buyer is indebted until they give the money to the baker. Paying for the bread settles the debt. Therefore, strategies for achieving degrowth have to acknowledge that money and monetary practices are, first and foremost, a social institution to evaluate and settle debts between parties whose value rests on trust. Trust in money is enforced by public authorities. Money is therefore fundamentally a public good and needs to be understood as such. Money is also pervasive in growth-based societies – it appears almost impossible to imagine a

42 All authors contributed equally.

world without this social relation (Project Society after Money 2019).

In capitalism, the ever-expanding market sphere triggers commodification processes and thus extends the realm of what can be purchased with money. The financial system plays an instrumental role in the *commodification of everything*. This is a key issue for degrowth. Strategies are therefore needed to forestall these developments. Our chapter will review strategies to democratise, definancialise, demonetise, decommodify, defossilise, and repurpose money with the aim of restructuring economic processes. Acknowledging that money is a social relation enables one to reflect upon possible strategies to achieve degrowth through monetary regulations or repurposing money's use.

With that aim in mind, we outline three broad strategies. We explain various measures necessary to implement the strategies (with ten measures in total) and discuss their symbiotic, interstitial or ruptural nature. We then introduce the Austrian Cooperative for the Common Good (Genossenschaft für Gemeinwohl) as an example of a symbiotic strategy. We conclude by discussing to what extent different interstitial and symbiotic strategies, considered in combination, can produce ruptural effects.

Democratising money

Despite the fact that money is a public good, control over monetary flows is largely privatised. To enable a transformation towards a degrowth society, money as a public good needs to be manifested in institutions and norms that shape its use. In that vein, democratising control of monetary institutions is a critical strategy. A broader understanding of democracy, to include the realm of the economy as well as politics, must include monetary democracy; meaning (direct) democratic control over institutions that shape the creation, flows and use of money.

Democratising money is organised in this text along two levels:

democratising how money is created through public banking[43] and democratising how public money is spent through direct citizens' control over municipal budgets.

Public banking

Reforming banking is, critically, about strengthening monetary democracy and empowering the local in relation to the national, and the public in relation to the private. A social contract exists between governments and banks, whereby central banks guarantee at-par convertibility of bank deposits into settlement reserves (Chick 2013, Gabor and Vestergaard 2016). Indeed, "one of the most important and oft-forgotten truths about any banking system is that it simply cannot exist without the government" (Baradaran 2018, 11). Despite this fact, banking regulation occurs independently of democratic accountability and oversight. Importantly, when the banking system falters, the public collectively bears responsibility.

Claiming public control over money creation through public banks can serve to democratise and re-embed the monetary system in local economies. It can ensure that public responsibility for the banking system is matched by public benefit (Mellor 2010). This would enable the creation and use of money for public purposes. Historically, public banks have supported small businesses, the upgrading of public infrastructure and affordable housing, and changes to food and transportation systems. For example, the Bank of North Dakota is a state-owned public bank established in the U.S. in 1919. All of the state's revenues are deposited into the bank by law, and municipal government deposits go to local community banks. Whereas other states rent money from private banks at great cost, North Dakota is able to borrow at zero interest, and thus fund projects without raising taxes or taking on debt. The profits of the bank belong to citizens. Practices focusing on small and medium-sized enterprises and "main street banking" have resulted in North

43 While not addressed in this chapter, democratising central banks is also an important strategy, see Cahen-Fourot (2022) for further discussion.

Dakota having the lowest foreclosure rate, lowest credit card default rate, and lowest unemployment rate in the U.S. (Harkinson 2009, Marois and Güngen 2019). Recently there has been renewed interest in public banking in the United States. In 2019, backed by grassroots advocacy groups, a bill was passed in California to legalise and support public banks (California 2019).

A (supra)national framework could ensure environmental and social banking guidelines while empowering and prioritising local decision-making. For example, the United Kingdom's Labour Party proposed a tiered system of local, regional and national public banks, under public ownership and with a democratic control structure, to embed institutions in the community they serve (Berry and Macfarlane 2019). Rather than a mandate focused upon profit, public banks can be mandated to serve social and environmental goals, with a focus on meeting the needs of disenfranchised communities and peoples. The Cooperative for the Common Good follows this principle in its cooperation with banks. For instance, banks commit to granting loans in the amount of all deposits in common good accounts exclusively to sustainable, regional projects. Public good oriented banking can be aided by a "public taxonomy" with preferential lending conditions for investments such as affordable and sustainable housing, care-sites, sustainable local food production, worker-owned companies and public transit infrastructure. These preferential conditions may include lower interest rate payments, no collateralisation and longer maturities of loans while prohibiting speculation and "dirty investments." Strengthening public banking is an important element for transformation. That said, a clear mandate and appropriate regulatory guidelines are necessary to mitigate the governance failures that have, for example, affected the German public banking system (Behr and Schmidt 2016, Scherrer 2017).

Another step towards banking serving the public good is the creation and support of privately-owned banks that serve the public interest. Such "ethical banks" are usually established as institutions

that allow for broad participation from shareholders or members, and also employees, and have been initiated mostly by citizen-led movements. The Italian Banking Act of 2016[44] marks an important milestone in regulating ethical and sustainable banking and financial services and establishing a legal differentiation between *for-profit* and *public interest* banks. The law defines criteria for ethical and sustainable financial institutions, such as ethical credit assessment, transparent investment policy, no-distribution of profits to owners, and a participation-friendly organisational and governance model. It would be beneficial for such criteria to be established at the European Union level.

People's budgets and citizens' councils

People's budgets and citizens' councils are means to expand democracy into the determination of flows of money, and to operationalise money as a public good. People's budgets – also called participatory budgets and public budgets – are ongoing initiatives to democratise public money. In this case, democratic deliberation and decision-making processes are used to decide upon municipal budgets. Government budgets are understood as public money, and municipal budget allocation is seen as a reflection and declaration of local values (Congressional Progressive Caucus 2019). Such decision processes can be inclusive of low-income, minority, non-citizen and youth residents. They have the ability to fund community-led solutions and care-based solutions, focusing on, *inter alia*, child and elder care, common spaces for non-market-based leisure and recreation activities, and "greening" infrastructure, while moving away from supporting the police-prison nexus.

Participatory budgeting was first realised in the city of Porto Alegre, Brazil in 1989, involving over 17,000 citizens through neighbourhood assemblies, thematic assemblies, and city-wide delegates. Marginalised communities were at the heart of decision-making processes that they had previously been excluded from, with

44 Legislatura 17ª – Disegno di legge n. 2611

redistributive effects (Abers *et al.* 2018). More recently, residents of a number of cities throughout the United States have worked through the Black Lives Matter movement to enact people's budgets to shift municipal spending away from policing and towards community-based care measures. In 2020, advocacy groups won over $840m in direct cuts from US police departments and at least $160m investments in community services and alternatives to incarceration through budget votes (Interrupting Criminalization 2021). It is important to note that this approach is limited by the extent to which policy can be influenced at the local level.

While people's budgets address public control of funds, this can be complemented by citizens' councils, which facilitate public control over banking and financial regulation, as well as broader decisions around socio-economic goals (see Chapter 9).

The transformative nature of democratising money

The strategies outlined here for democratising money creation and the spending of money are largely symbiotic strategies. The measures of people's budgets and citizens' councils both rely on the existing government apparatus and political figures to implement the will of the councils, and thus, aim at reducing harms by "taming" capitalism. Depending on how a people's budget is enacted, it is potentially an interstitial strategy as well – for example, through directing public funds to create common and non-marketed spaces and processes to meet local needs. Public banking has the potential to be both a symbiotic and an interstitial strategy. As banks are established and enacted through government regulation, they rely on juridical and regulatory conditions. However, a broad system of public banking has the potential to form a counter-power to global finance and to the private accumulation of capital, and in this way can be a part of a more radical strategy for degrowth.

Definancialisation of the economy

Financialisation of the economy refers to a dual process: the rise of the financial industry and associated sectors (e.g., the FIRE sectors: Finance, Insurance and Real Estate), and the rise of financial motives in the management of non-financial corporations (Krippner 2005, Lazonick and O'Sullivan 2000). This process thoroughly transformed capitalism from the 1970s onwards. In high-income countries a major change has been the decrease of workers' share in aggregate income and the increase of capital's income share (Kohler *et al*. 2019).

Financialisation contradicts degrowth in at least two ways. First, the search for short-term financial returns and the primacy of liquidity is contradictory to long-term planning, financial stability, and the alignment of the economy with environmental sustainability and social well-being. Shareholders' expectations of returns on investment are disconnected from the economic reality (e.g., a 15% return on investment when the economy grows at less than 2% per year). Also, the desire to retrieve liquidities in the short run will push firms to prioritise financial profitability over long-term investment and innovation. This can impede reorganising production to meet social needs and the principles of sustainability. Second, financialisation furthers the commodification of everything. For instance, the environment becomes subject to financial capital accumulation: the atmosphere, ecosystem services and natural events (e.g., storms), are cut into quantifiable pieces and abstracted into financial assets (for instance, derivatives to insure against weather events). These assets negate the complexity of natural processes and create an incentive to maximise the income generated by them (Kemp-Benedict and Kartha, 2019), thereby paving the way for further exploitation.

This section reviews strategies for definancialising the economy and for halting ongoing processes that subject everyday life to

financial logics. It explores how these processes can instead come to serve societal goals of environmental, social and economic relevance.

Definancialising the economy requires several steps that can be taken together or separately in three main areas: financial markets and the finance industry; state financing; practices in the non-financial economy.

In the financial sphere, definancialisation requires returning to an era in which finance is controlled, with extremely tight regulation and renewed control over financial institutions (see section 2 above). All privately owned banks and institutional investors would be *small enough to fail* – meaning they would be small enough so that they would not need to be bailed out with public money. Further, regulations could aim to reduce the complexity of financial markets and ban financial products whose immediate purpose for real economies cannot be identified. In contrast, ethical, regional, and public good-oriented banks could be promoted and allowed to operate under less stringent conditions than private, for-profit financial institutions (Benedikter 2011, Weber 2014). Systematic assessments based on social, ecological and ethical criteria would be mandatory for every loan granted. Analogously, financial products of any kind would undergo a legally regulated approval procedure according to these criteria (Epstein and Crotty 2009).

State financing would also be taken away from global financial markets. Public bond issuance is critical for the financial industry, as it provides the risk-free asset the financial industry needs to run financial valuation models and diversify their portfolios. Transparency on who holds public bonds and policies to redirect public bonds to domestic individual households would reduce the supply of risk-free assets to financial markets and emancipate governments from the political influence of global financial corporations. Alternatively, financing fiscal spending without issuing government bonds could limit the capacity for public debt to be used as a speculative financial asset (Lerner 1943, Mitchell 2020).

Last but not least, definancialising the economy also requires

changing practices in the non-financial economy. The legal definition of a private firm would be revised to include social wellbeing and sustainability concerns, in order to foster firms' production and management according to economic, social and environmental criteria. However, this alone would be insufficient as it would create contradictions between the legal object of a firm and the expectations of shareholders. Therefore, the ownership structure of firms needs to be adjusted to ensure that social provisioning is aligned with social wellbeing and sustainability. Alternative ownership structures, such as cooperatives and co-management practices between shareholders and workers, should be encouraged to reform firms' management, increase economic democracy, and foster long-term goals. This kind of ownership and management already exists in many countries in cooperative firms of various sizes and keeps them away from financial markets and purely financial logics.

Definancialisation of everyday life through decommodification

The financialisation of everyday life (van der Zwan 2014) is about how financial aspects of individual life, such as insuring against an uncertain future, increasingly become organised via financial markets. This financialisation is fostered by the retreat of the state from key sectors providing basic social needs.

For instance, pensions are being increasingly financialised through the rise of funded pension systems (financial market-based pension systems). These subject future pensions to the dynamics of financial markets. These pension systems are based on a promise of future production that leaves no space for political compromise. Indeed, any degrowth of production would leave stranded a significant part of the real assets underlying the financial assets (Cahen-Fourot *et al.* 2021). Stranded real assets would lose their value. This would significantly reduce the claim attached to financial assets and thus decrease the value of the pensions.

In contrast, pay-as-you-go pension systems are based on a political compromise about the share of current production devoted to

financing current pensions: the share of GDP devoted to funding pensions is decided politically in discussions about how to fund and allocate public budgets (Barr and Diamond 2006, Husson 2020). This compromise can be revised and adapted in line with the reorganisation of the production and distribution of essential goods and services. In a pay-as-you-go system, the share of the aggregate income devoted to funding current pensions could be debated and set to fit with a degrowth economy while ensuring decent pensions.[45] In other words, in a pay-as-you-go pension system current production and negotiated social contributions determine current pensions; in a capitalisation-based pension system future pensions determine future production. This essential difference makes pay-as-you-go systems compatible with a degrowth economy and capitalisation-based systems most likely incompatible.

For degrowth to be a liveable option, it is therefore crucial to definancialise everyday life. This will require the socialisation of sectors fulfilling basic social needs such as health, education, housing, food, transport, energy and insurance against life risks such as unemployment and old age. In other words, definancialising everyday life requires separating the ability to take part in social life from the ability to take part in labour and financial markets.

Obtaining control over international finance

International trade and currency exchange rates are subject to, and regulated in, the interest of finance-led capital accumulation. Two implications of this are discussed here. First, the current international monetary system limits the sovereignty of nation-states over budget decisions. International institutions such as the IMF and the World Bank condition access to loans for emerging

45 This would certainly be a contentious political issue, but two things must be considered. First, many needs would be decommodified and would not, therefore, require money to be satisfied. Certain monetary losses in pensions could then be compensated by increased in-kind social provisioning. Second, increased rates of social contributions could compensate for the lower aggregate income upon which pensions are levied to maintain their level. This latter case corresponds to a new social compromise about an increased share of GDP devoted to pensions.

market economies (EMEs) using austerity-based policies (Chang 2002). Allowing EMEs greater levels of monetary sovereignty, for example by issuing loans in sovereign currency and allowing the implementation of capital controls, would empower self-directed development. This is addressed further in this chapter's sub-sections on complementary currencies. Second, the current system reinforces post-colonial hierarchies in international trade. International flows of capital, along with flows of natural resources, move from the Global South to the Global North, advantaging the historically colonial nations at the expense of those that have been (or still are) colonies (Dorninger *et al*. 2021, Svartzman and Althouse 2020).

Hence, international reforms of monetary flows must restrict the possibility of currency exchange as a tool for speculation. An international clearing union (ICU), as was proposed by Keynes (1941), could accomplish this by equalising the burden between debtor and creditor nations. Special Drawing Rights (SDRs) for the IMF could be more broadly used to promote anti-cyclical international liquidity, rather than heavily relying upon the US dollar for this purpose. SDRs could also be used for the payment of reparations to the Global South. More to the point, a debt jubilee in which multilateral institutions, including the IMF and World Bank, permanently cancel principal and interest on all payments owed by debtor nations would be a step towards equity. This would remove the debt-extractivism nexus in low- and middle-income countries. Of course, this can also strengthen economic growth in the respective countries, as additional funds would be available to invest and grow the economy. However, this need not be problematic *per se* if it reflects the development of the necessary provision of goods and services such as health, education, social security and so on.

The transformative nature of the definancialisation strategy

Measures aimed at definancialisation are rather symbiotic: all of them could be implemented in the current socio-economic system. All of these measures would also stabilise existing capitalism

and make it more liveable for the many. In that sense, their transformative potential may appear weak.

However, these measures also contradict some of the key capitalist logics, such as commodification, the infinite spread of the market sphere, and the quest for short-run financial returns. Further, measures such as socialising key sectors and fostering workers' direct ownership of firms and decision power in firm management would constitute radical changes if implemented at the whole economy scale.

Redirecting and repurposing

In monetary economies, the purpose of money, i.e., what it is used for and what is financed by its use, is barely subject to political debate, despite its impact on the economy. Money's use and investment decisions are left to private actors that decide, for instance, on how much should be invested and for which purpose. Degrowth can target the way in which money is used by pushing for divestment, fossil-free monetary policy and financial regulation, or by fostering special-purpose moneys.

Divesting from fossil fuel-related activities

Fossil-free finance means removing companies directly or indirectly involved in the use or extraction of fossil fuels from financial flows. It is far from a trivial move: fossil fuels became the principal energy source in industrialised societies in the early 19th century and still account for 84% of primary energy consumption and 63% of electricity generation worldwide (2019 figures from BP Energy Review 2020).

This can be achieved in several ways. First, actions of civil disobedience and climate activism are already driving divestment campaigns globally (Healy and Barry 2017). This is an important movement as it signals growing social demand for exiting the fossil economy and highlights the issue of continued reliance on fossil fuels. However, as divesting means selling any financial asset linked

to fossil fuel companies, this requires a counterpart to buy those assets. Therefore, the real effect on fossil fuel-related financial assets' liquidity – and ultimately on the ability of these companies to finance their activities – is unclear.

Defossilising monetary policy and financial regulation

The second way to remove financing options for fossil fuel companies is to act at the level of monetary policy and financial regulation. Monetary policy is the set of instruments central banks use to ensure the correct functioning of the payment system. Financial regulation concerns all the rules the financial system must abide by – in particular concerning financial risks.

One key idea is to reform the eligibility rules for asset purchasing programmes by central banks (such as quantitative easing) to exclude fossil fuels and carbon-intensive activities. Other possibilities include differentiating between interest rates depending on the nature of the activity to be financed, implementing credit controls to direct financial flows in sectors deemed sustainable, and including green-supporting and dirty-penalising factors in risk assessment in order to foster financing of sustainable activities. A major unresolved challenge is to come up with a clear and operational definition of what are "green" and "dirty" activities. Many proposals exist to remedy the carbon impact of monetary policy (see e.g., Cahen-Fourot 2022; Campiglio 2016; Dafermos *et al.* 2020), and several central banks in the world have already implemented such measures (Barmes and Livingstone 2021, Dikau and Volz 2019, D'Orazio and Popoyan 2019).

Repurposing money: from general to special-purpose money

Current monetary economies are based on general-purpose money – money that can be used for any legal purpose and that unites all functions of money into one form of money (Saiag 2014). As a consequence, general-purpose forms of money make all goods and services commensurable (O'Neill 2017) and reduce political

control over economies. This could be overcome by implementing or strengthening special-purpose moneys. These have a definitive standard of value, and can only be used for particular goods and services or in a particular sphere of society (Saiag 2014). Further, they can be under community or public control (Blanc 2018) and complement or replace general-purpose money.

Special purpose currencies under community control are often referred to as Local Exchange Trading Schemes (LETS).

Depending on the number of stores and active users, the durability and significance of the currencies vary widely. One reason is that there may be no need to adopt the currency since the general-purpose currency remains a more attractive alternative. As a consequence, the circulation of the respective currency then slows down, limiting its relevance and impact on economic development.

Special purpose currencies can also be issued by state authorities in many forms. One form is vouchers that can be used only for specific goods and services by a given person (Bohnenberger 2020). A well-known (and often criticised) example are food stamps, a form of voucher issued by certain authorities that can be used to buy food. Depending on the way eligibility is designed and how they are used, they may be discriminatory and worsen the situation of already-discriminated groups. However, vouchers can also be distributed on a universal basis and strengthen certain economic spheres. For instance, in Vienna, during the COVID-19 pandemic, the local authorities issued a restaurant voucher (*Gastro Gutschein*) to all citizens, which could be used to purchase food in local restaurants. Alternately, public authorities could issue special purpose money to local associations that can only be used in stores of the respective village, as in the case of *Langenegger Talenten*[46] in the Austrian province of Vorarlberg. Such quasi-currency vouchers ensure the sustainability of basic local economic infrastructure since the associations use public subsidies in local stores. Since *Langenegger*

46 Unlike vouchers, the latter can be traded and any owner can use the *Langenegger Talenten*, i.e., eligibility is not limited to a particular person.

Talenten is issued by a public authority, its circulation is not dependent on voluntary adoption.

The most comprehensive proposal for state-issued complementary currencies has been made by Hornborg (2017). He suggests implementing a regional currency, through a universal basic income, as a complement to general-purpose money. The purpose of the currency is to strengthen local economies, relocalise economic production chains and ultimately gain democratic control over economic processes. This SPM is valid only for goods and services produced within a certain distance from the place of purchase and distributed to everyone that is living within a particular territory. Authorities that are managing this complementary currency could regulate its use through its exchange rate with the national currency. Further, depending on the particular design, the currency can be used only for goods, services, land, wages, or all of them. Overall, the currency would facilitate local economic development, align production with locally available goods, and, if needed, foster the development of local production. Localising production potentially increases democratic control over the production process, since cost- and problem-shifting is limited. Such a strategy could help achieve degrowth as it would start a slow process of relocalising economic activities, likely one of the preconditions for well-being for all in a degrowth world.

The transformative nature of repurposing money

Measures aiming at adapting the monetary policy of general-purpose money (i.e., most currencies) and financial regulation to environmental issues are, in themselves, symbiotic. However, they may have deeper, highly transformative implications. In western high-income countries, cheapness and abundance of fossil fuels were key factors in the high productivity gains that formed the backbone of the social compromise of the post-war era at the root of the welfare state (Cahen-Fourot and Durand 2016). Cutting access to fossil fuel-related activities from money and finance means effectively

removing them from the division of labour and from socially accepted economic activities. Based on the historical importance of fossil fuels, this would therefore most likely trigger very deep changes in our societies.

Depending on the design and issuer, complementing or replacing general-purpose money with special-purpose moneys can be a symbiotic, interstitial or ruptural strategy. Special purpose currencies focusing on particular goods have symbiotic character, as they limit the impact of economic crises on particular sectors but have no impact on the economic processes at large. LETS schemes and currencies issued by local authorities would be located in the realm of interstitial transformations, driven by the motive that large numbers of "small transformations cumulatively generate qualitative shifts" (Wright 2010, 322). Such schemes, however, currently have limited geographical reach and are located in niches with little impact on global capitalism. LETS schemes further lack incentives to be adopted and thus often have little durability, in contrast to more durable currencies issued by local authorities.

Under given circumstances the implementation of a complementary currency as suggested by Hornborg (2017) is not ruptural: it would rely on the current administration to manage the currency. Nevertheless, such a currency could provide the ground for a second circuit of value that provides the precondition for a degrowth society. Particularly in the long run, it could lead to degrowth, as it allows for the formation of local production and consumption structures despite current capitalism. Hence, such a strategy could contribute to the formation of degrowth societies as it would start a slow process of relocalising economic activities.

Transforming the financial system from below: the Austrian Cooperative for the Common Good

Since its founding in 2014, the Cooperative for the Common Good (GfG) has pursued as its primary goal a change in the current monetary and financial system shaped by the principles of

sustainability, democratisation and orientation for the common good. The idea of founding a democratic bank in Austria emerged in 2008, as a reaction to the financial and banking crisis and, more specifically, to Deutsche Bank CEO Josef Ackermann's call for the establishment of a "bad debt bank" for Germany. In 2011, the "Association for the Promotion and Foundation of a Democratic Bank" was created, and a bank strategy and business plan were developed. In 2014, the cooperative "Bank for the Common Good" was founded. By the end of 2018, the cooperative had about 6,000 individual and corporate members.

Using money as a means to shape the financial system for the common good

In 2016, a crowdfunding platform and a common good audit were developed and established. The creation of a payment institute, following the Austrian Payment Services Act of 2018, was considered in order to open a common good account. This was planned as a preliminary step towards a full banking licence for a bank oriented towards the common good, owned and supported by a civil society movement – the cooperative members – and strongly committed to democratic and ethical principles. Cooperations with partner banks were initiated, for example with GLS, Germany's largest social-ecological bank, which participated as one important investor in the development of the payment institution. By the end of 2018, the Austrian Financial Market Authority (FMA) rejected the application of the cooperative for a payment institute licence for formal reasons. The extensive additions and preliminary work required would have meant high investments, and it would still have remained uncertain whether the licence would have been granted. This is why the cooperative's general assembly ultimately decided against continuing the application process. In general, the FMA is rather reluctant to grant new banking licences – among other things using the argument that Austria is already over-banked.

Following the rejection, the name of the initiative was altered to

"Cooperative for the Common Good", and the strategy changed towards establishing cooperation with existing banking institutions. Today the cooperative operates in three different areas: First, by providing and facilitating common-good oriented financial goods and services in cooperation with existing banking and financial institutions. The first Common Good Account, Common Good Student Account and Common Good Savings Account in Austria were launched in cooperation with the Environmental Center of the Upper Austrian Raiffeisenbank Gunskirchen in May 2019. Negotiations with other banks in Austria and Germany are underway, as well as the elaboration of guidelines for a lending policy for common good-oriented companies and projects.

The second scope of activity is advocacy for a democratic re-shaping of the financial system through political work. This is being realised through the analysis and critical appraisal of political and economic activities in the financial sector, participating in networks (such as the NGO Finance Watch), and developing positions and communicating proposals for the implementation of a common good-oriented monetary and financial system, such as the "Moneyfest" (Genossenschaft für Gemeinwohl 2020).

The third area of work consists in offering policy education about critical financial literacy and transformative learning in the Academy for the Common Good. This includes public lectures, workshops, online courses, cooperation with the international summer school "Alternative Economic and Monetary Systems (AEMS), and the certificate "Money and the Common Good" in cooperation with Steinbeis University (Germany).

A shift in strategy: from creating a bank to advocating for the monetary system as a democratically regulated public infrastructure for the common good

According to its self-image, the Cooperative for the Common Good sees itself as part of an economic system based on solidarity as an alternative to prevailing neoliberal and growth-based capitalism.

The overall aim of changing the monetary and financial system by founding a democratic banking institution "from below" could be characterised as an interstitial transformation. The basic idea was to trigger change by building up a democratic bank – as already existed in several other countries – as a concrete alternative for customers.

In line with the core principles of interstitial transformation, namely the building of new forms of social empowerment on the margins of capitalist society (see Chapter 2), participation and transparency have been seen as fundamental values of the Cooperative for the Common Good since its beginnings. It aims at contributing to a revitalisation of the cooperative system and movement within the financial sector as the highest participatory form of organisation and enterprise. Therefore, the cooperative contributes to further development of the already more than 170-year-old organisational form of the cooperative in order to innovatively design and specifically expand democratic participation and opportunities for co-determination on the part of its members by introducing new methods of decision-making and by shaping the organisation according to the principles of sociocracy.

After this strategy failed, a change in strategy was developed and extensively discussed within the cooperative's member community. Instead of pursuing the establishment of its own bank, the Cooperative for the Common Good now seeks to cooperate with existing banking institutions. The main principle behind it is that deposits on all common good bank accounts are allocated by the partner banks as loans exclusively given to ecologically and socially sustainable projects. The strategy of the cooperative is now to change the banking system "from within"; a symbiotic strategy nudging existing banking institutions through cooperation to include, step-by-step, an orientation towards the common good, sustainability and ethical values in their business models. The central element of this strategy is creating and expanding such niches within the existing system and winning over more banks that offer common good-oriented accounts and conditioned lending in order to guarantee

sustainable use of funds. In the long-term, this should lead first to redirect an increasing amount of money flows into targeted sustainable projects and activities, and second to change existing institutions and deepen social empowerment within the current system so as to ultimately transform it.

This example shows that the implementation of transformative strategies of the monetary and financial system depends significantly on external conditions, such as, in this case, legislation and financial market policies. It also shows the need for a certain kind of flexibility for transformative actors. The shift from interstitial towards symbiotic strategies was not a consciously analytical decision of the Cooperative of the Common Good, but a strategic adjustment to manoeuvre in their given context. However, this meant compromising on one of their areas of activities – the provision of financial goods and services. Their organisational development, as well as advocacy and educational work themselves can be seen as partial symbiotic strategies. Both interstitial and symbiotic strategies are aimed, in a general sense, at raising awareness of the importance of the financial and monetary system for our economy and hence society as a whole. What remains central, however, is what money is used for and where it flows.

Conclusion: transformation as an emergent property

In recent history, deep modifications in the rules governing money were often associated with a deeper change in the economic system (Guttmann 2002). We think that the measures and underlying strategies outlined in this chapter are likely to change the monetary and financial system to work towards economic degrowth. However, any of these measures and related strategies need to be assessed both contextually and relationally, in combination with other strategies. Assessing the transformative nature of these measures is therefore speculative.

Wright's categories are ideal types but, in reality, strategies can have interstitial, symbiotic and ruptural aspects within them. For instance,

a shift of the monetary regime towards sustainability-based rules may constitute initial steps towards a more sustainable (or, at least, fossil-free) capitalism. Although not aimed at overcoming capitalism itself, it would create a rupture within capitalism between different growth regimes. In turn, breaking with the fossil economy would challenge many of the existing power relations built into it and could be an opportunity for more radical agendas. Indeed, the history of socio-political changes indicates that the ruptural, interstitial or symbiotic nature of strategies is more an emergent property observed *ex-post* than an *ex-ante* decision by agents of change, whatever their initial intentions might be.

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