Shareconomy

Introduction to a Value-Based Economy of the Commons That We Can Implement Now

… to make an end is to make a beginning.
The end is where we start from.
– T.S. Eliot

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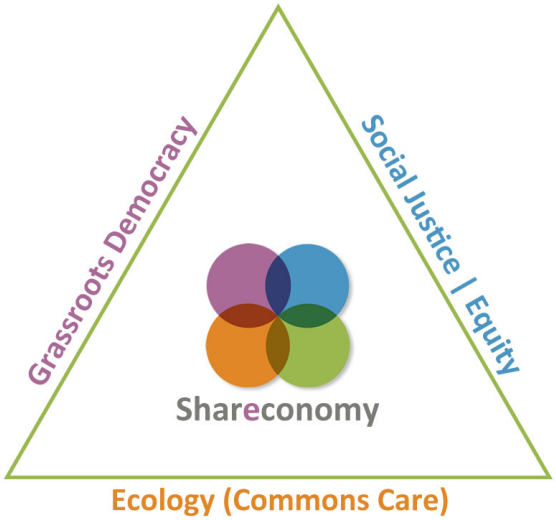
The Shareconomy: What it's about

We currently live in an economy that values and measures only the endless increase of money and its consolidation in very few hands – the devastating results are obvious in both society and our planet. The Shareconomy is a new economy that turns the old on its head. Based on our highest human, social and ecological values, and measured by our ability to actualize those values, its purpose is to create thriving communities on a thriving planet. To do so it creates its own continuum of holistic wealth (well being) to be used for value-guided, value-measured community self-development. The purpose of this paper is to provide practical models and processes for creating this new economy in our communities now, without opposing the current system, waiting for political, legislative or economic changes to create the right moment, or for new institutions or entities. This is the right moment. And we have everything we need to create this new economy now.

You never change things by fighting the existing reality. To change something, build a new model that makes the existing model obsolete. –R. Buckminster Fuller



The Shareconomy is based on 3 foundational values that, together, create thriving communities on a thriving planet.

First, a story. Imagine…

Ten years fly by fast. It's getting hard for you to remember those days when you woke in a house that the bank owned – the payments were always a struggle - and drove 40 miles to and from an uninspiring job so you could afford your car payments, insurance, gas, escalating food prices, your daughter's college education, plus keep your health insurance so you wouldn't lose everything if an accident or illness happened to anyone in your family. Like a lot of folks, you were a paycheck or two away from bankruptcy. And like a lot of folks, you knew about social problems caused by vast wealth disparity, and you knew about climate change – you just couldn't get out of a lifestyle that cost more and more to maintain, and that contributed to degrading the world. You spent your time in traffic trying to remember what you had really wanted to do with your life. Still, it all seemed at least workable, until the 2008 crash when your spouse lost their job, and the worth of your home and retirement account dropped by a third…

Now you wake up in a village within a city of villages – technically called co-housing. You know everyone who lives there; you've either worked with them in the garden or met them at potlucks. There are other middle-aged folks like you, with their last kids gone or about to go to college – for free now that everyone decided education was a primary value generator that should be available to all. There are younger folks, just getting going with their first child. And there are seniors. Everyone helps everyone else in the way they can. Seniors watch kids, tell them stories and teach them crafts. They like the involvement, community and sense of being needed. And the young couples appreciate the help! All ages work in the garden and share the veggies, fruit and eggs. Some entrepreneurial groups have started small home businesses, funded by Share Fund capital. Others, like you, still work at outside jobs, but not nearly as much as they used to - since people don't need as much money, they don't need to work as much, and jobs are shared. So you finally have time to learn to play the cello – you trade for lessons on the time bank.

Businesses now are as concerned with creating products and services that fulfill human values, and how they treat their staff, communities and the earth, as they are with profits. They make good profits, though, partly because folks like you prefer them to the old companies that just take money out of the community, or fight you for the "right" to pollute the air and water in your town. The new companies share a percentage of those profits with the communities they do business in – thousands of businesses sharing like that help pay for services the community values. In turn, the community values and patronizes its local businesses. You contribute some money, too, by purchasing shares in the Shareconomy that help fund projects and services that follow and grow community values. And, like a lot of people, you trade your skills and time for the skill and time of others – another way that people get what they need without money, and contribute and earn without needing a job.

No one in the village owns much – or needs to. In fact, it seems funny to you, remembering back when every house in the neighborhood had duplicate appliances, and every driveway had several cars. The village itself is in a trust, managed by the trustee for the residents – current and future. Payments don't go up because the trust keeps housing out of a speculative market, so the next generation has an affordable place to live. The housing is well built and insulated, so it doesn't need much in the way of heat or cooling – on site solar and small wind power take care of most of that. Tools are shared, including cars – although transportation needs are less than they used to be since civic ecology planning has placed most of what you need nearby. And there is a lot of swapping going on, rather than everyone always buying new stuff and tossing the old. A couple health care professionals live in the village and trade their services for rent, food, and a monthly stipend paid by a portion of the rents –everyone sees them regularly because the emphasis is on staying healthy, not intervening when sickness hits.

Ten years pass fast. Now you find yourself thinking back to your old life with your family struggling alone with all the economic pressures, and wonder, why did we ever live like that?

The story is not meant to be complete, or even your story – you and your community will write your own future story. Even so, it leaves a lot of questions. One is, how is all this achieved? It seems downright fantasy. The fact is, though, people are already doing all of this. There is plenty of co-housing. There are neighborhoods in trusts. There are time banks, swap facilities, community gardens… all of this exists. (See the film: Fixing the Future.) And the people living these lives are...happier. They have more time, less stress, healthy food, companionship and community, meaningful contribution and control over their lives – they

have everything that psychologists and sociologists tell us actually make us happy. And in the process they are living lives that are a lot easier on the earth than the typical life now.

When we're given doom and gloom scenarios and told that we "must do something" to save the earth, or create a more equitable society, the first thing we often imagine is everything that we must give up. The Shareconomy is about everything that we *gain* when we live better, thriving lives that also contribute to thriving communities on a thriving planet.

What to Expect in this Paper

First, I give a brief background of our current economy – since most of this has already been covered so well by many writers (see bibliography). I've turned our current asset bubble Wall Street economy into a diagram that shows at a glance how it works and why this system will never support the planetary, social, and human values that will create thriving communities on a thriving planet. Then I redefine the terms economy, value, wealth, and commons for the Shareconomy, so we can talk about them without confusion.

Second, I provide foundations for the Shareconomy: the purpose, values, and principles.

Third, I show and go over the model for the Shareconomy and its four elements.

Fourth, I show and explain the models for implementation of the Shareconomy in any community, as well as models for how the Shareconomy works with existing structures, and how Shareconomy communities work with each other.

Fifth, I briefly describe the minimal structure of the Shareconomy, plus a model of how it grows along organic, "fractal" principles.

Sixth: I provide a very short "Crib Sheet" of major Shareconomy points.

Stone Soup: Collaboration and Co-Creation

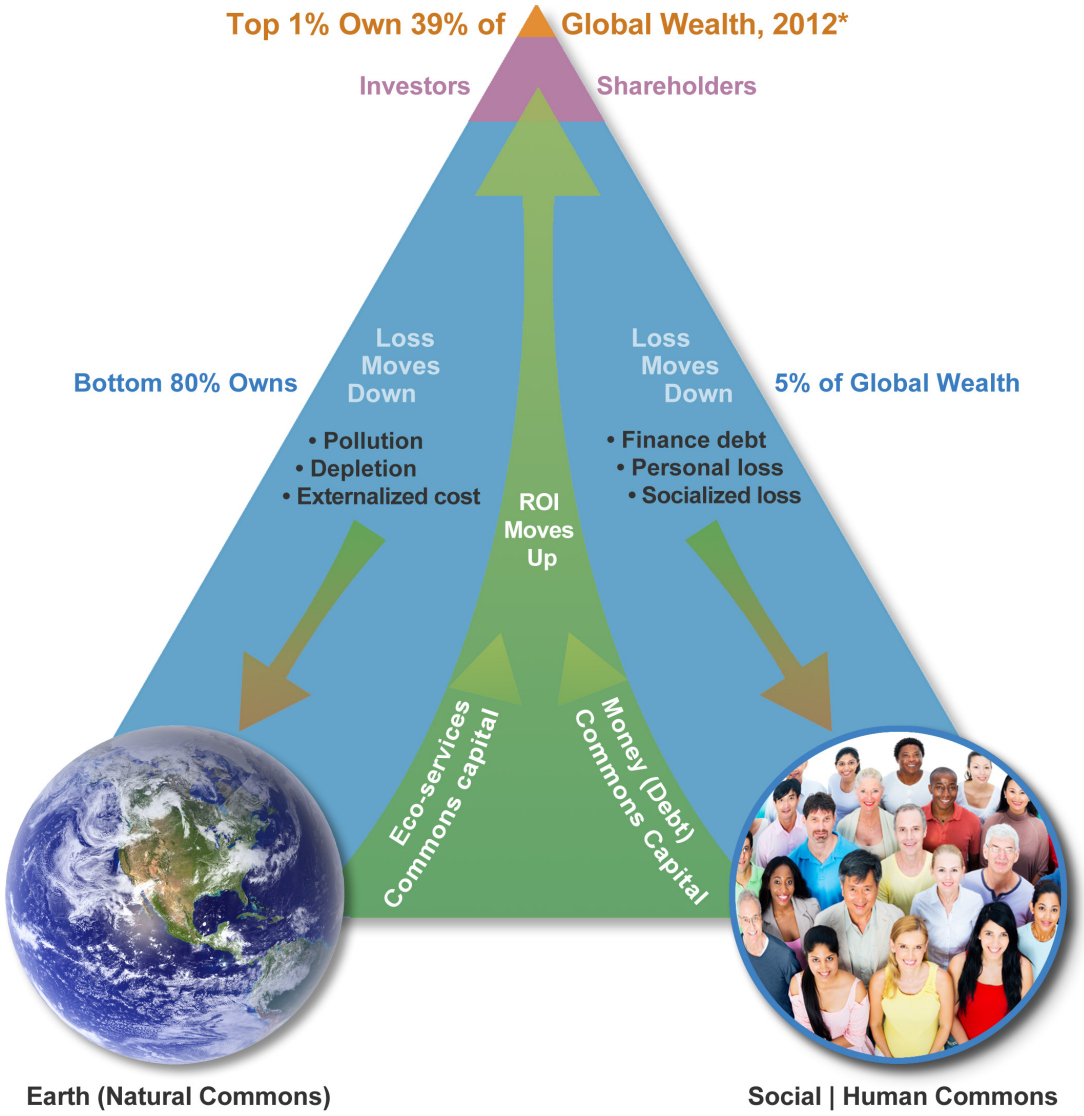
There is an old story that I love – Stone Soup. In this story a village creates an amazing soup out of nothing but stones and water – plus the endless array of ingredients that the increasingly enthusiastic villagers run home to grab from their pantries and add to the magic broth. Finally, the soup is a bubbling, mouth-watering masterpiece and the whole village has a great dinner party together. It starts with stones, and proceeds with collaboration.

Same with this paper. This paper is not a book – there are already many brilliant books on a new economy. It's simply a compilation of ideas, models, and processes for creating an economy based on values that I've worked on for several years. Along the way I've notice how many great new ideas have struggled or foundered when it comes to the issue of creating capital to see them through – capital to help create the new economy in the midst of the old. The emphasis in the Shareconomy is on models that create a community value-based continuum of holistic wealth, as well as models for implementing that system now.

It is meant to add to the work done by many thinkers, and the great work being done now in communities everywhere to create cooperative, gifting, time-banking and alternate currency economies as people self-organize to create communities that work for everyone.

And, mainly, it is meant to be collaboratively evolved by you. Welcome. Let's create a feast.

The Endgame of Our Current Ponzi Economy



This is a simplified snapshot of the economy we live in. If you wanted to create a system that efficiently extracted the wealth of people and communities, privatized our common natural and social heritages for profit, and depleted the earth of resources while degrading our planetary ecology that keeps everyone alive, you would pick this one. As a measure of its efficiency, note that 1% of the people in the world now own almost 40% of the wealth.

We've been living with this economy for millennia. Now it has reached its endgame.

This economy is built to extract wealth from people and planet and consolidate that wealth in very few hands. In order to do that, it must create endless wealth coming into the bottom portion of the pyramid. It does this by creating money out of nothing every time it makes a "loan" or grants credit, and then "earning" interest on that made up money. That is to say, the economy runs on conjured debt and the now accepted notion that money should

magically multiply as interest or ROI. In the lower regions of the pyramid, people buy houses, cars, and stuff with easily acquired debt – ceaseless advertising that stokes the desire for ever more stuff and the *treadmill of production** that creates more stuff than we could ever possibly need fuel the process. This endless money (debt) coming in the bottom of the pyramid gets turned into securities that get sold off to investors – including individuals, pension funds, and countries – creating even more wealth for the banks. Like any Ponzi scheme, it pays investors well. It has to, to keep the scheme going – until the bottom falls out. Wall St. controls the speculative economy that garners more wealth on the rise and fall of stocks, commodities, and in the arcane world of derivatives (bets and counter bets on fluctuations and failures) so complicated that they are barely understood by the banks that deal in them. People, pension plans, states and even countries also invest in this speculative economy to "build wealth," but the problem is the "wealth" they build - including home equity, 401Ks, stocks – is only a bunch of electronic ciphers in computers, completely dependent on fluctuations of a market that these lesser players have zero control over.

This is what David Koren calls "phantom wealth". Our current pyramid economy excels at taking the real wealth of the earth, society and people and turning it into this ghostly currency.

Of course the phantom wealth pyramid scheme has a very real effect on real people's (and community's, state's and country's) lives when it inevitably collapses – as all Ponzi schemes do. This happened in the 2008 crash. That particular bubble was based on subprime mortgages cynically awarded to people who could not afford them. The mortgages were turned into Mortgage Backed Securities, sold as prime investments (AAA) by investment bankers who knew better to duped investors, and trillions of dollars of derivative hedges were taken out as "insurance" – though none of the sellers actually had the funds to pay up when those debts went bad. Meanwhile the top tier bankers, hedge fund managers and CEOs were extracting as much wealth from the scheme as they could before the collapse. When the subprime borrowers inevitably defaulted on their mortgages the house of cards blew away.

Luckily for Wall St. they own most of the government, so while their gains were all private, their losses became public. That's what the diagram shows: ROI and profit move up to the top, loss moves down. People and society supply the money, and the commons capital (more on that later), to keep the system going. They do get a lot of stuff out of it, and a lot of debt, plus personal loss of property, income, health, etc., when it all crashes, and a share of the socialized losses.

The reason for rehashing the 2008 crash is to point out that it was simply a time when the usual dealings of banks and Wall St. became much more visible. Nothing since has changed – the bubble economy goes on undaunted. Sometimes it's a housing bubble, sometimes stocks, sometimes commodities. The point of the diagram is that our current economy siphons off real wealth and turns it into ghost wealth for the very few all of the time on individual, community, national and global scales – from Wall St. to the International

*Treadmill of Production is a socio-environmental theory that focus on production, rather than demand, as the major driver of ecological degradation. The name invokes the image of an endless treadmill creating ever more products that we don't need using processes and capital allocations that we don't decide. See:
http://www.sociology.northwestern.edu/people/faculty/documents/schnaiberg/21.INTERROGATINGTHETREADMILL.pdf

Monetary Fund and WTO. It is, as Koren points out, the inherited economy of Empire, and its real business is to protect and engorge the owner class, regardless of its effect on society or on our earth.

The paradox of the pyramid economy is that it contains its own demise – eventually, so much of the wealth moves to the top that people can no longer support any more debt to keep the game in play. It's endgame number one:

1. Through the workings of interest, money will always concentrate in the hands of the very few that control the monetary flow and rates, subjecting the majority to lives ranging from financial struggle to outright poverty and deprivation and destabilizing society often to the point of collapse.

This is happening in the USA and other countries, currently covered up by a robust stock market bubble and good PR about "the recovery". No problem, say the endless growth proponents, we'll just move on to Brazil and China and India and keep the party going.

Never mind that China is already following the same pattern of wealth inequality that eventually leads to endgame number one; the left side of the diagram shows why "emerging markets" won't save the endless growth illusion. In order to maintain endless profit growth, the pyramid needs debt, but it also needs resources from the earth, and it relies on the natural commons (clean air, water, food, etc. – more on the commons later). And, just as loss is socialized on the human side, environmental degradations and depletion are "externalized" on the natural side – an accounting term meaning that they are simply not accounted for by business, and the costs are born by society and the earth.

We live on a finite planet that has been driven to its 7th great extinction, rapid climate change, and increasing collapse of ecosystems and the eco-services they provide – by us. Most of this happened in the last hundred years during the rise of the endless growth economies of Europe, North America, and parts of Asia. Since we're currently running at about 130% of our planet's carrying capacity, adding a few more billion souls living at western 20th century consumption/waste standards simply won't happen. It's endgame number two:

2. Infinite monetary growth on a finite planet will ultimately consume all of the real wealth of the planet, and its waste products will ultimately overwhelm the planet's ability to absorb and neutralize them, and continue to provide life supporting eco-services.

Ignore-ance and the Endless Growth Trance

The gap between human knowledge and human action is a curious thing. We all actually know that we live on a finite planet, with only so many resources like oil and metals, and with only so much air, water, and soil. But you can read many books on the economy and never hear the earth mentioned. You can sit in on a business meeting and discuss five-year plans that never mention the planet these plans will unfold on. It's very seductive. Read the Global Wealth Report (Credit Suisse) – it's full of charts delineating "wealth growth" in various countries, with no mention of the planet, as though "wealth" appeared, not out of thin air (since air is part of our planet) but out of nothing. Read The Wealth Report (Knight Frank. Citi

Private Bank), a discussion of High Net Worth Individuals and how they are growing and protecting wealth globally. But we don't live on a globe; we live on a planet. The earth, source of all wealth isn't in this report, just as it isn't in the financial books of most corporations. It's off the balance sheets – which is precisely why we're so out of balance.

The word I use for standing on a finite planet, breathing air and drinking water while pretending that you can conveniently overlook this fact while you make money is "ignore-ance", with a hyphen to point out that, though we know, we don't bring our actions into accord with our knowledge. (Small is Beautiful, by EF Schumacher, was published in 1973 – so we've known for a long time.) It's easy to see ignore-ance at work. The extraction economy certainly has its share of evil people. But bank offices and board rooms also have people who know the harm their actions are causing socially and ecologically, but are caught up in what Peter Barnes calls the algorithm of capitalism – endless growth. They serve the system. Corporations are created to maximize "value" (money) for shareholders; as a corporate officer, you're not personally liable for creating havoc on earth but you can get fired for bad quarterlies. Plus, you kind of want that bonus… so just take the earth out of the equation.

To throw all the responsibility on corporations and Wall St. is disingenuous. Ignore-ance filters down, out of the boardroom and into the living room, and shows up in the large "McMansions" we buy, the oversize vehicles, transportation decisions we make, endless shopping for stuff way beyond our needs, etc. (There are, of course, many people who know the consequences of their lifestyles, and would like to live differently, but feel trapped – often by indebtedness and the financial inability to make a life change.)

Of course, we have a lot of help from advertising and an ingrained story that having more means being worth more; we live in a potent socio-sphere suffused with the myth of endless growth. We are advertised to a hundred times a day at every turn and enticed to buy more – the psychological methods used are immensely powerful. Our politicians talk in growth numbers – GDP growth of X%, without paying attention to the fact that that number includes both tobacco and all the money spent on cancer care; the number of jobs created, without considering what kind of jobs and what the quality of life is for those who do them. We discuss the rising stock market as though it signified real wealth when we're only brief years away from the last crash; we cheer the rising housing market and discuss the rise in home prices as a market recovery without considering how much more it now costs to have that most basic of things, a roof over our heads. We consider "consumer confidence" a prime indicator of recovery, without caring what people buy, whether they need it, or if it makes them happy. The continuous question in the pyramid economy is, how do we achieve more growth? We pay no attention to the realities behind all these numbers: that's ignore-ance.

Lived long enough, ignore-ance becomes a trance that's very difficult to break out of.

Of all the many social and environmental organizations that I get emails from, one of my favorites is the Pachamama Alliance. Inspired as they are by the South American Achuar people's request to "change the dream of the modern world," their workshop is entitled: Awakening the Dreamer. I believe that is what we need to do, and also what we are doing.

The trance of endless, meaningless growth has run its course. This end is where we start from.

Redefining Economy, Wealth and Value

From the point of view of the Achuar, and other First Nation people, the people of modern society are sleep-walking in a trance wherein we ignore the real world in the mistaken belief that symbolic wealth – money – is real wealth.

The problem with an economy based only on monetary increase is that money has no value. Money is a medium of exchange that is lent value by those goods and services it is exchanged for – and by the trust that people hold in it. More importantly, money is a kind of energy that helps catalyze and actualize our values in the world – so it is actually our human values that confer value on money, and not the other way around. (Currently, when we want to create value in the world we usually have to justify it by quantifying the benefits in terms of dollars saved – from a Shareconomy point of view, this is backwards.) When the only value guiding money is making more money, then we have an economy with no value, no meaning, and no direction – only continual, meaningless increase.

That economy ostracizes real human, social, and natural values – relegating them to the nonprofit, governmental and civic sectors, even as it usurps more and more power from government and people. (More on this later in "Value Flows".) The Wall St. / corporate, for-profit economy has become the most formidable force on the planet; yet it excludes real values from its operating principles.

So if we cannot have a money-only (valueless) economy that grows endlessly, what kind of growth can we have? We can have endless growth of value and wealth – but first we have to redefine it, along with a new definition of economy:

Economy

Economy: "household management," from Latin oeconomia, from Greek oikonomia "household management, " from oikonomos "manager, steward," from oikos "house".

Economics is how we manage our home. Our home is planet earth; our fellow householders comprise our societies, and every living creature on the planet is our housemate. How we manage our home is not a subject for experts only; it is everyone's concern. We manage our family homes according to our values; from who we are and what we value we decide how we want to live together.

Our current economy does not ask: Who are we? What makes us happy? How do we want to live together on a small planet? The Shareconomy, as home management, begins here.

A "home management" system that ignores our deepest human values and destroys our home is simply a flawed management system and should be replaced.

Value in Our Current Economy

Our current economy does discuss economic value, but the definitions differ greatly from those of the Shareconomy.

Economic value - the amount (of money or goods or services) that is considered to be a fair equivalent for something else.

Beyond that rudimentary definition, economists and business people talk about value creation. Value creation means different things for different audiences:

Value creation for the customer entails making products and providing services that customers find useful or desirable. It may also entail the customer service that accompanies these products and services – the "intangibles" of doing business with a particular company or brand.

Value creation for employees includes fair and respectful treatment, good working conditions, good compensation, advancement opportunities, training and development, etc.

Value creation for investors means delivering consistently high returns on their capital.

Values in the Shareconomy

In the Shareconomy values are not easily quantifiable and refer to two different things:

Human and societal (cultural) values: the characteristics, principles and beliefs that we hold individually and in common that determine our behaviors. As in, we value peace.

Natural values: those principles that contribute to a sustainable ecology.

Wealth in Our Current Economy

Wealth can be easily quantified by the equation: Wealth = assets – liabilities.

Wealth in the Shareconomy

The root of the word wealth means well-being, or common weal. Wealth in the Shareconomy is comprised of all aspects of well-being; it is not money and it is not dependent on money – although money can be a tool to help achieve wealth. Well-being is created by the natural, social and human commons and through human energy working in accord with the commons. (More on the commons later)

If we have seed, soil, water and sun we have natural wealth. If a neighbor sees we need help and lends us a shovel and a hand, we have human wealth. If we share some of that produce we have social wealth.

Natural wealth can be described interchangeably with all the eco-services that the earth gives us for free – and is synonymous with the natural commons. Social wealth can be described as all the things we create for our mutual benefit, such as law, society,

infrastructure – the social commons. Human wealth can be described as the qualities that comprise our natures, such as intelligence, caring and compassion – the human commons.

Wealth in the Shareconomy consists of such values as: food, shelter, health, education, freedom, opportunity, compassion, love, care, beauty, meaning, soil, air, water, energy, etc. A Shareconomy community cannot determine its wealth based on its gross product index or any other monetary measurement; instead it measures its wealth by its achievement of its stated values.

The Foundations of the Shareconomy

It is based on a principle:
When our highest human and planetary values are the basis and measurement of our economy, they will thrive.

It follows a clear purpose:
The Shareconomy exists to provide a continuum of value-based wealth that nurtures thriving people, communities, society and planet.

It is value-based and measured:
The Shareconomy does not measure our values against value-less money; instead it measures success against our ability to achieve our values in the world. Although currency remains as an important tool to help achieve values, our primary measurement is of the flow of value, not money. Human, community, and societal values are arrived at through dialog, narrative and discourse; however, the Shareconomy begins with simple, broad-based values that are the basis of a sustainable economic system that does not succumb to societal or ecological degradation:

- Inclusive, democratic, decentralized decisions
- Social equity and justice
- Caretaking of the commons (natural, social, human)

We are caretakers of the natural, human and social commons:
We, our communities, our businesses, our institutions are inextricably interdependent with the earth, society, and our human nature. Everything we achieve is embedded within the planetary ecosystem, our social ecosystem, and our human characteristics.

The Shareconomy considers the commons in all conversations and decisions. The commons are all of those gifts – from air to love – that sustain and support life, and which no one can own. There are natural, planetary commons, such as clean air, clean water, fertile soil, seeds, forests, oceans, food – all the ecoservices that keep the planet healthy – as well as, beauty, adventure, spiritual challenge and solace, the wisdom we garner from fellow creatures and ecosystems. There are also human commons that, like the earth, function as a complex ecosystem of support without which social flow – including commerce – could not happen: goodwill, love, compassion, caring, understanding, trust, creativity, drive, language. There are social commons – constructs that ensue from our humanity – such as: stable society,

customs and culture, laws, education, collective experience and knowledge, collective wealth, etc.

The commons are given. Because they are gifts to all of us, it follows that none of us own them – we simply hold them in common during our lifetimes, then pass them off to the future as a gift, in as good a shape, or better, than we received them. So our common charge is to take care our commons. That is the responsibility of every "citizen" of the commons – whether an individual, an organization, or a business.

It is pay-forward, not pay-back:
In civilization after civilization, pay back with interest leads to concentration of money in the hands of the very few. In fact, interest on money was unacceptable for large periods of our history, rejected by such thinkers as Aristotle. Pay forward is how we treat most of what we value most in life. For example, our children. We do not bill them with interest at the age of 18. Instead, we hope that they will go forth, live good lives, and create a better world. The Shareconomy follows the pay forward principle; there is no monetary ROI. Instead, there is Return of Value.

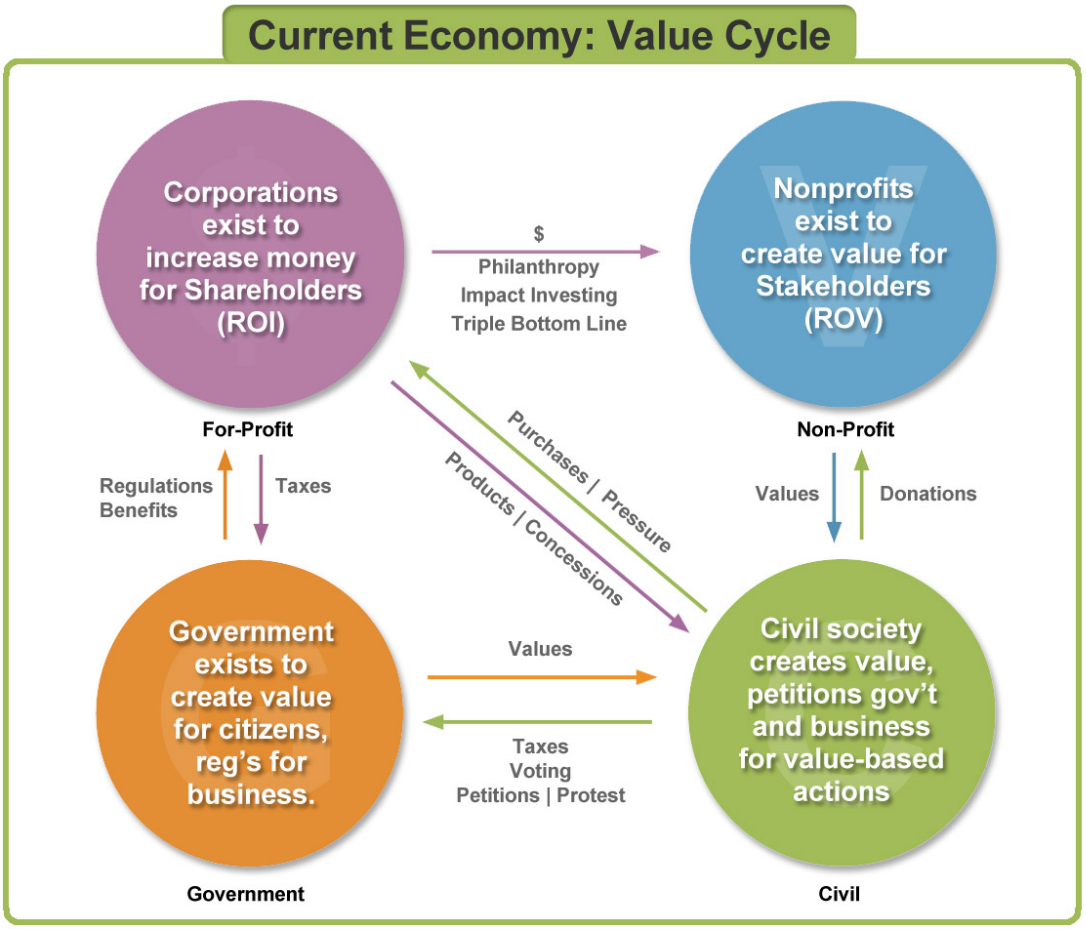
It is self-organized, decentralized, and direct (disintermediated)
The Shareconomy is direct democracy: it provides a model for communities to self-organize, create their own capital (monetary and non-monetary), and allocate that capital directly to value-guided community self-development, without any intervening governmental or other agencies.

We have the power – and responsibility – to change it any time:
Our economy is how we manage our home; as such, it is simply a set of rules we agree to live by, and which we can change anytime we need to in order to make it work better for all.

Value Creation and Flow in the Shareconomy

The Shareconomy is primarily concerned with value creation, actualization, and flow: the Value Cycle. Although for-profit entities, and the monetary capital sector of the Shareconomy use financial accounting methods common to businesses, the basis of the economy is the achievement and flow of values. This next section briefly illustrates the differences between our current economy and a Shareconomy in terms of value creation and flow.

A Examination of Value Flow in Our Current Economy



The chart is simplified, but will serve to illustrate some differences between a Shareconomy and our current interplay of for-profit economic, governmental and civic sectors.

In our current economy, corporations, whose mandate is to increase money for shareholders, comprise and drive the economy. They have no mandate to create social or environmental well-being; in fact, "bottom line" decisions often run contrary to doing so. When for-profits have extra profits, they may elect to send money to the Value sector, composed of private nonprofit organizations – but the two sectors are kept separate. Impact investing, value-based social enterprises and triple bottom line companies that contribute a share of their profits to people and planet have modified this model, but remain far in the minority when compared to the number of traditional, shareholder value companies.

The value-generating sector is kept out of the for-profit economy and relegated to nonprofit status with legal limits on activities, use of funds, income – and perhaps stricter social limits on these same areas.

In a democratic government, civil society exists as the ultimate generator, and guardian, of values – the *raison d'être* and "watchdog" to which government is ultimately responsible and accountable. In this model, citizens enjoy liberties and the pursuit of happiness, and point out injustices when they occur. They take their grievances or suggested improvements to their representative governmental bodies to act upon. And they may also take them directly to corporations. Likewise, the government exists to help protect the commons, both social and environmental. In this system, value should flow from and to the grassroots, with the proper institutions acting in an intermediate fashion. But as we know, it doesn't.

The sheer size, global scope and intertwined nature of corporations has given them increasing power over government. (E.g. the military-industrial complex is such a vast entanglement of government agencies and private industry that our money economy and our government are utterly dependent on war as a means to maintain growth.) "Too big to fail" has created banks and other financial companies that the government can't shut down – or allow to fail as any other mismanaged business would – without vast economic consequences. International corporations starve governments of funds by off-shoring profits, keeping trillions of dollars outside the tax system. Starving the government depletes its ability to enforce economic, environmental or social safety net regulations – plus international associations – such as the IMF and WTO – develop rules that supersede sovereign regulations. Corporate lobbyists influence – or actually write – laws and regulations. Judicial decisions such as Citizens United make it possible for corporations to greatly affect our elections. And the vast majority of media outlets are corporate owned.

In this scenario the citizen who is charged with the responsibility of generating and overseeing value flow in society (in our government "of, by, and for the people") actually has the least power – either economic or political – to do so. Value doesn't flow from and to the people and communities – and the commons are auctioned off or given away. Why?

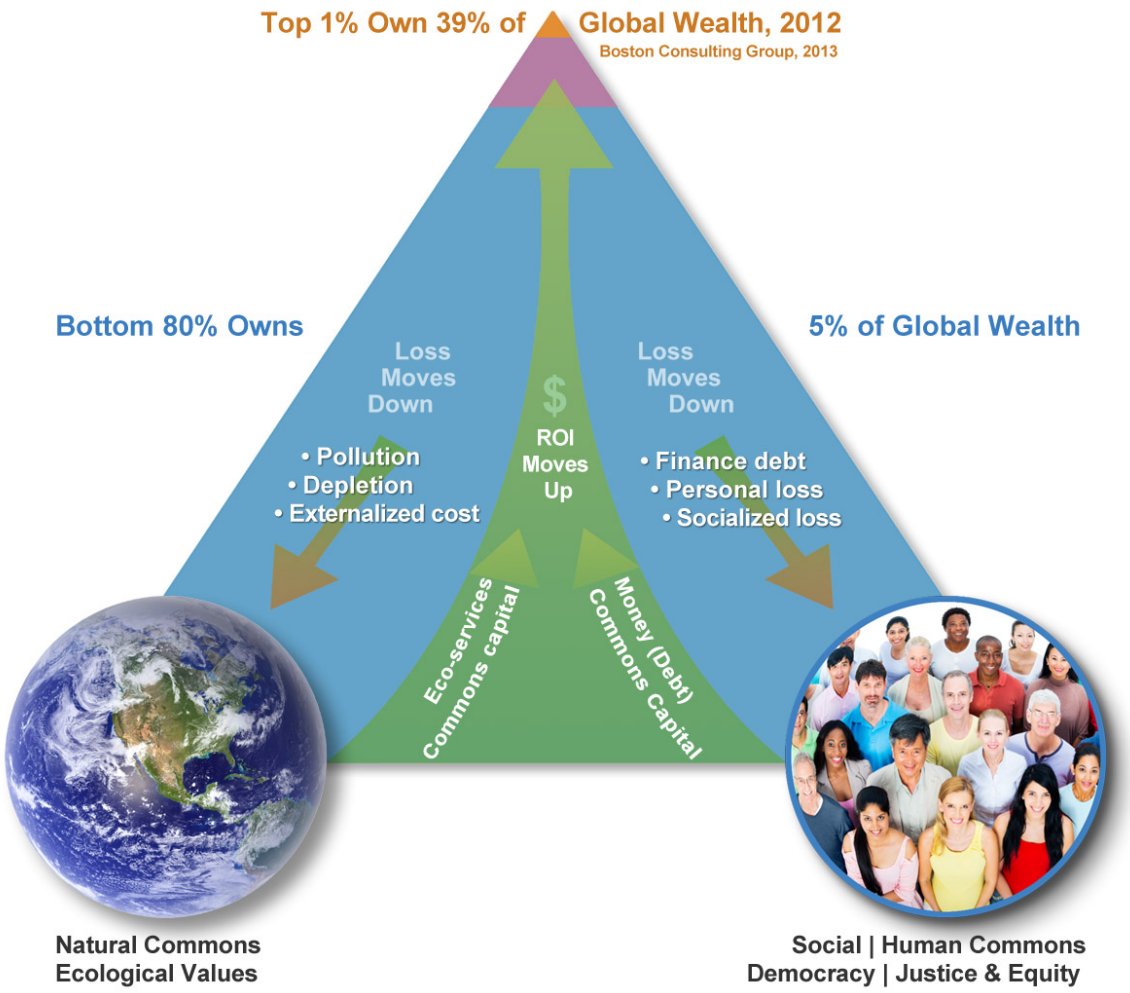
The problem is, government is actually given two mutually exclusive responsibilities; to protect the commons and to protect private property. Private property is appropriated commons, so the government mandate to protect both becomes highly conflicted. In such a case, the power must eventually tilt one way and, inevitably, it will tilt towards the powerful who command access and favors from politicians reliant on their donations. Elections are largely controlled by corporate money and information from corporate owned media. Corporations are capitalized, organized, endlessly active entities that are highly focused on specific goals. Citizens, on the other hand, have relatively little money, are disorganized, and concerned with myriad, diverse issues. The end result, with business as the major holder of money and the commons, was predicted by Adam Smith about 250 years ago:

"Civil government, so far as it is instituted for the security of property, is in reality instituted for the defense of the rich against the poor, or of those who have some property against those who have none at all." – Adam Smith

From the point of view of a Shareconomy, we live in a system where a value-less economy controls the accepted medium of exchange (money) and the commons to the point that it largely determines which human and planetary values get funded and actualized, with little to no input from those most affected.

This choked value cycle is:

- **Oligarchic, centralized** (a tiny percentage holds most the money and power)
- **Centralized** (money, power consolidates in corporations, governmental bodies)
- **Hierarchical**, top down (financial decisions, laws, originate at top, move downwards)
- **Intermediated**: grassroots may self-organize, but has little direct power to enact
- **Separated** from the earth, commons (they are commoditized and "externalized")

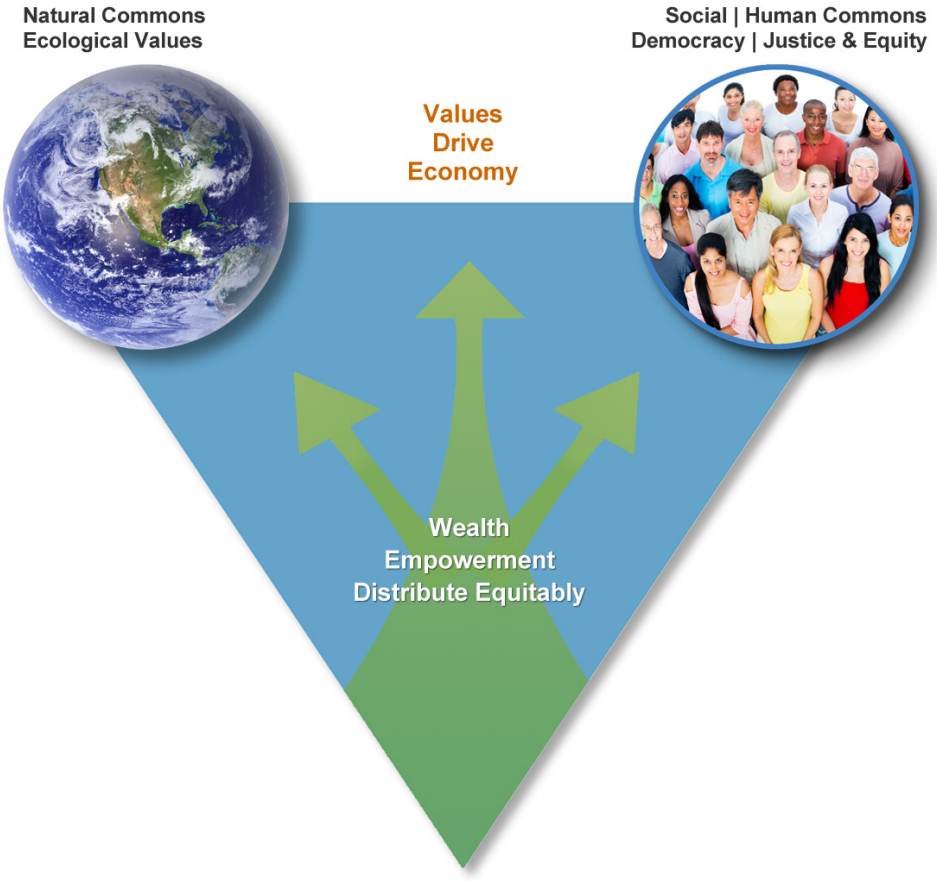


Value Flow in the Shareconomy

Since the current economy is optimized to move money efficiently to the top without consideration of effects on the commons, you would expect that it would inevitably choke off value flow, as it has done. The Shareconomy, by contrast, is optimized for value flow.

The Shareconomy value cycle is:

- **Grassroots:** bottom up value flows from and to people and communities
- **Democratic:** people vote on allocation of Share funds – guided by consensus values
- **Decentralized** wealth creation and decision making, minimal central power
- **Self-organized**, direct enactment of values and allocation of capital, self-governance as first principle – no intermediating agencies
- **Interdependent**: Earth and commons are ever present in discussions and decisions



The Shareconomy functions as though you turned our present economy "on its head" – now value and power flows in equitable distribution from and to the social and planetary commons, and values drive the economy, including capital allocations, rather than the other way around. This is a rather simplified statement; the next few pages explain the SE value cycle in greater detail.

Shareconomy is a grassroots up, rather than a top down, movement of values and power. That is, the three fundamental values – grassroots democracy, social justice/equity, and ecology – are fleshed out with consensus values and issues that are germane to local communities based on their ecologies, resources, social mixes and issues, backgrounds and ancestral knowledge, and the specific challenges that they face.

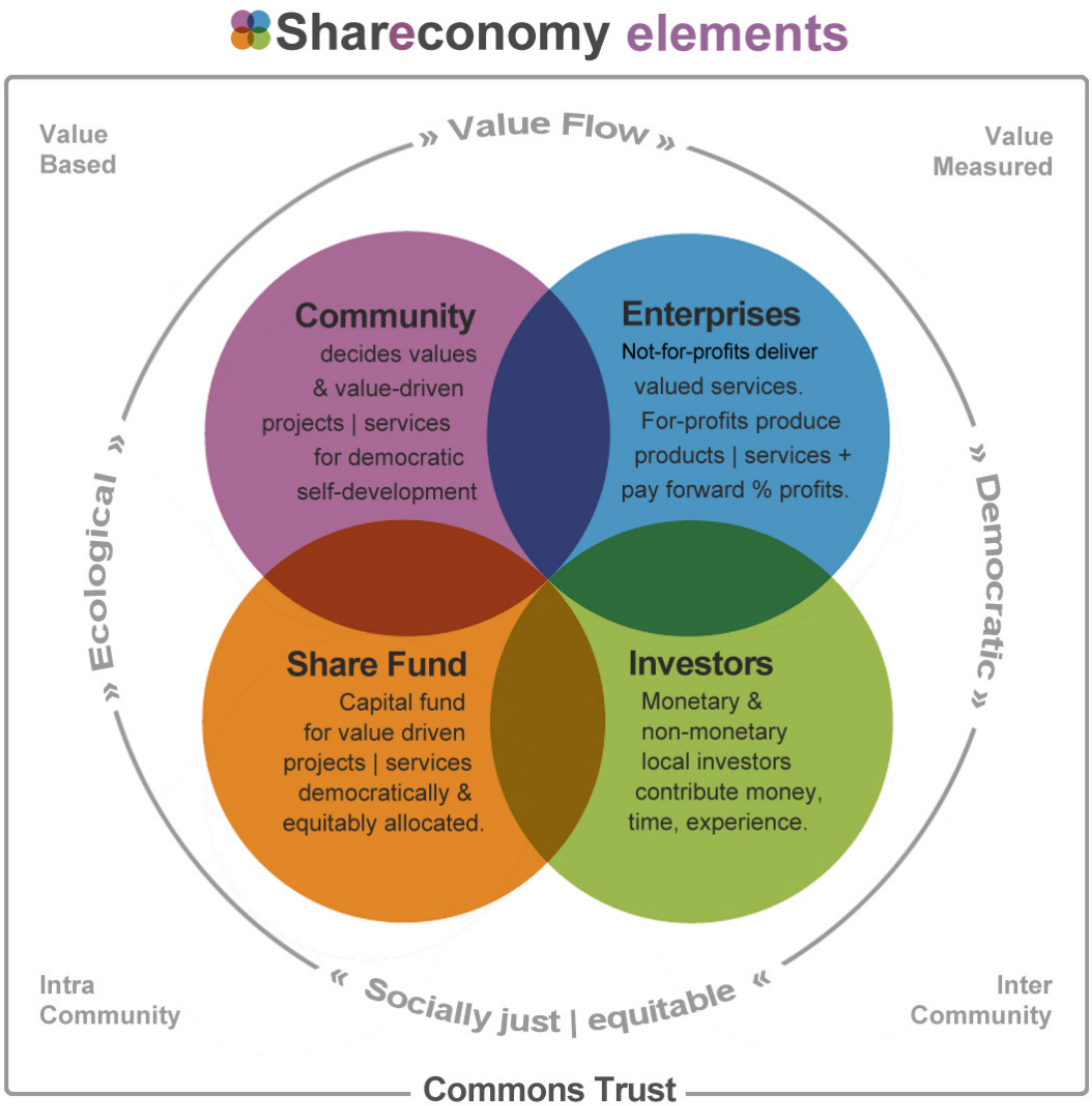
Grassroots Democracy and decentralization follow as empowering aspects of the Shareconomy regarding flow of capital and decision making. Democratic – one person, one vote – decisions include actual value-guided capital allocations from the Share Fund, as well as community self-governance structure. Decentralization is a Shareconomy first principle that holds that decisions should generally be made as close as possible to he people and region affected by those decisions.

The Shareconomy is self-organized by community members: designed for maximum local flexibility within value guidelines, the Shareconomy models and tools act essentially as "DNA" that can be replicated by the people of any community. In fact (as will be seen in later diagrams) many of the Shareconomy tools are designed expressly to help teach and empower community self-design and self-development.

The Shareconomy is embedded in the Commons. People, communities, and all the elements of society – including businesses – are inextricably interdependent with the Planetary Commons (Earth) and the Human and Social Commons – and therefore all act caretakers of the commons. It is fundamental to the Shareconomy that the role of all people currently on earth is to care-take the commons for future generations of all beings who share and enrich the planet. Therefore, the earth, and all commons, are always partners in discussions and decisions regarding value-guided development.

While I agree with Peter Barnes that the commons belong, as much as possible, in trusts (Capitalism 3.0: A Guide to Reclaiming the Commons) that topic is beyond the scope of this paper – though not beyond the scope of the Shareconomy. For the moment, the Commons Trusts are indicated in the following diagrams as the border – or framework – in which the Shareconomy functions.

The following pages examine the Shareconomy "elements" and "flow".



The Shareconomy is concerned with value flow and equitable sharing: each element, or entity, contributes value to all others in an endless loop. This is signified by the value circle that surrounds the elements, as well as by the overlap of elements (e.g. community members may also be business people and investors).

Element One: the Community. The grassroots community –people, neighborhood associations, teams, ad hoc groups, etc. – determines shared values, community process flow (Civic Ecology: see implementation) and projects and services to fulfill values. The community, of course, has multiple channels through which its members communicate, but the Shareconomy has developed a prototype "local online community" to facilitate the process of creating value generating products and services. (See implementation.)

Element Two: Enterprises Value-generating projects and services provided by the community members and organizations are not-for-direct-profit enterprises that directly increase the wealth of the community; their effects and achievements are measured by value

based metrics. They are not required to make a monetary profit, so they are called not-direct-profit (in contrast to nonprofit) because their services add value to the community, and often do create a monetary profit in the future (e.g. education). A value-generating entity or activity can be proposed by any member of the community, and can be achieved through existing organizations, ad hoc teams, neighborhoods, or individuals.

For-profit businesses in the Shareconomy operate similarly to for-profit businesses in the current economy, with 3 important differences.

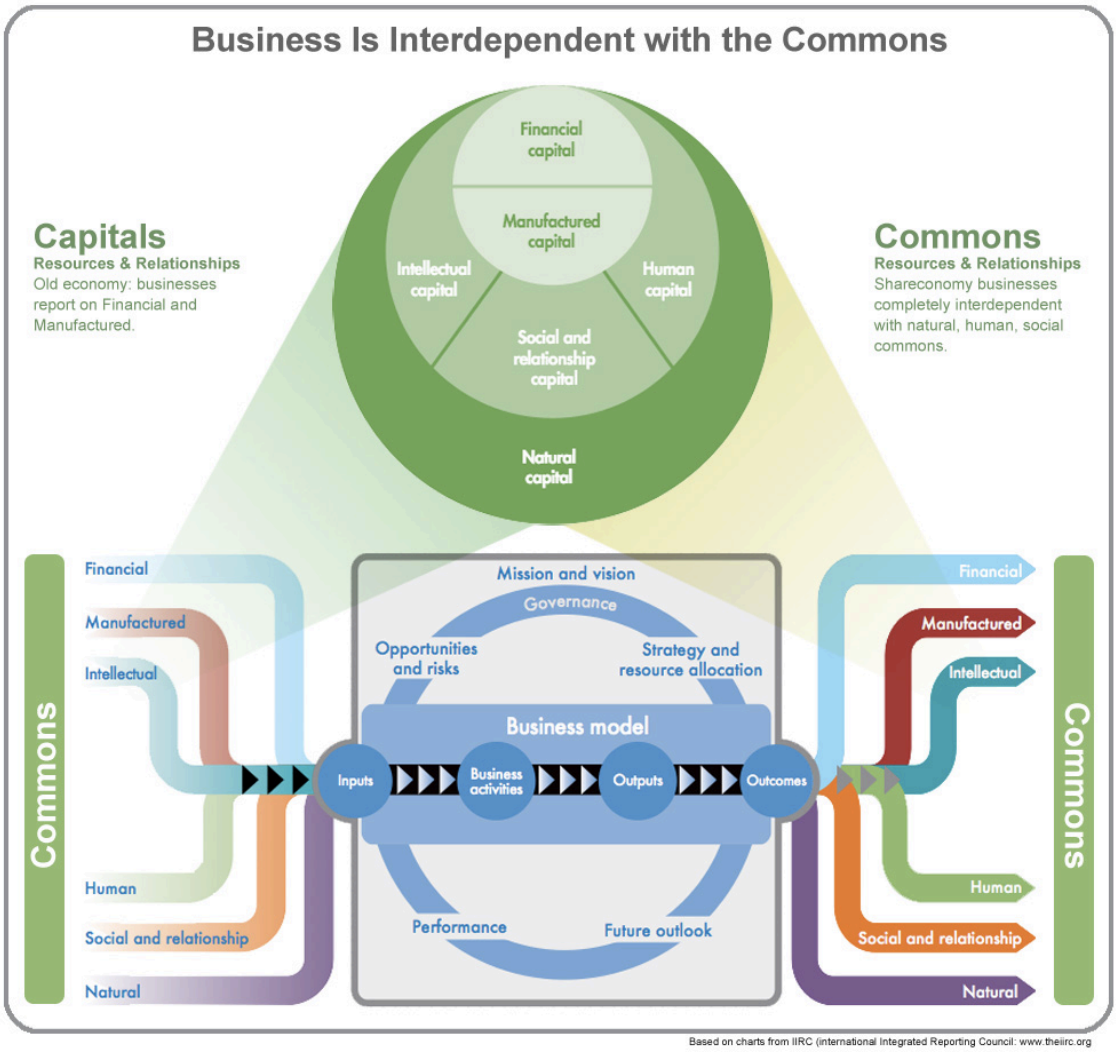
1. Shareconomy businesses create products and services that meet needs and follow values.

2. They follow environmental and social values in their extraction of commons capital (social and natural), how their processes affect the commons, how their products and services affect the commons, and how their waste products affect the commons.

3. They are pay-forward companies that pay a portion of their revenues to the Share Fund(s) of the community(ies) that help them generate them.

Shareconomy companies gain a great deal by becoming pay-forward companies, including local "communitarian" status, local marketing platforms, inter-community marketing with other Shareconomy communities, and "collaborative competitiveness".

Because business relationships with human, social, and natural commons are of utmost importance – though they are generally ignored or externalized in our current economy – a targeted examination follows, beginning on the following page:



Business and the Commons

All companies draw resources from the commons, affect the commons through their business processes, and again affect the commons with their products, services, pollutants and the effects they have on communities, societies and relationships between societies. This chart was amalgamated from two charts on the International Integrated Reporting Council (IIRC) website. In it, the IIRC describes the six capitals that all businesses use, create, and profit from. Of these six, businesses account only for financial and manufactured capital – and even then do not account for public infrastructure (a part of manufactured capital), even though no business could exist or profit without the other capitals. Costs of using and degrading these other capitals are externalized to society and the planet. Of these capitals shown, Human, Social, and Natural correspond to the three Shareconomy Commons. Intellectual capital is highly interdependent with, and dependent upon, social capital (i.e. it would not exist without a stable society, education system, and system of laws). As already mentioned, manufactured capital includes all infrastructure created by societies that make commerce possible. Even financial capital cannot be separated from the social commons (trust, liquidity, protections that allow capital systems to exist, common rules and valuations). This process of privatizing gains (profits) and socializing the costs of commons

degradations (e.g. the environmental cleanup, health and other costs of pollution) in favor of bottom line results is currently the economic norm.

While there are many discussions regarding methods of limiting and/or setting costs on the use and abuse of the commons (e.g. carbon taxes), and many other discussions regarding how the commons should be treated legally in terms of "ownership" and representation, as well as discussions concerning which agencies should represent the commons (government, independent trusts, etc.), the Shareconomy is starting with the simple assumption that companies should account for their use of the commons as best as possible, and pay-forward into the commons a percentage of their revenues – these monies to be apportioned among community, and inter-community funds.

Element Three: Investors. The word investor in the Shareconomy is not to be confused with an investor/shareholder in the current economy – a relatively elite group for whom corporations exist to increase monetary value. In the Shareconomy, an investor is any community member who purchases monetary or non-monetary shares in the Share Fund. This can be any community member, whether they purchase Shareconomy shares with money or with non-monetary contributions of skilled hours.

The Shareconomy does not exist to increase Shareholders' monetary worth – it exists to increase value for the entire community. This is important to note, because, although monetary shareholders can withdraw their money, they earn no interest on it. Their investment in the Shareconomy is to help grow holistic wealth in their community (or in all Shareconomy communities if invested in a global fund) and they benefit from such wealth along side their fellow community members. This is called Return of Value.
Shareconomy benefits works systemically, not in the direct, put in ten dollars, get twelve back, Return on Investment we're used to. For this reason, Shareconomy investments cannot be thought of in the same way as current economy investments. For one thing, in the current economy there is always inflation, so money that does not garner interest loses value. In a world where food, medicine, rent and utilities are all going to cost a lot more when you retire, your money needs to grow as well.

Examples of Return of Value.

Inflation is a human invention, not to be found anywhere else in the world – and it is linked to speculation, interest and return on investment in a vicious cycle. It's an endless, unwinnable race that forces us to participate in the old economy. And it can be eradicated.

Real wealth (healthful environment and living, garden-grown food, education, companionship and help, compassion, sharing, meaningful contribution, etc.) does not experience inflation – and that is precisely what the Shareconomy exists to create.

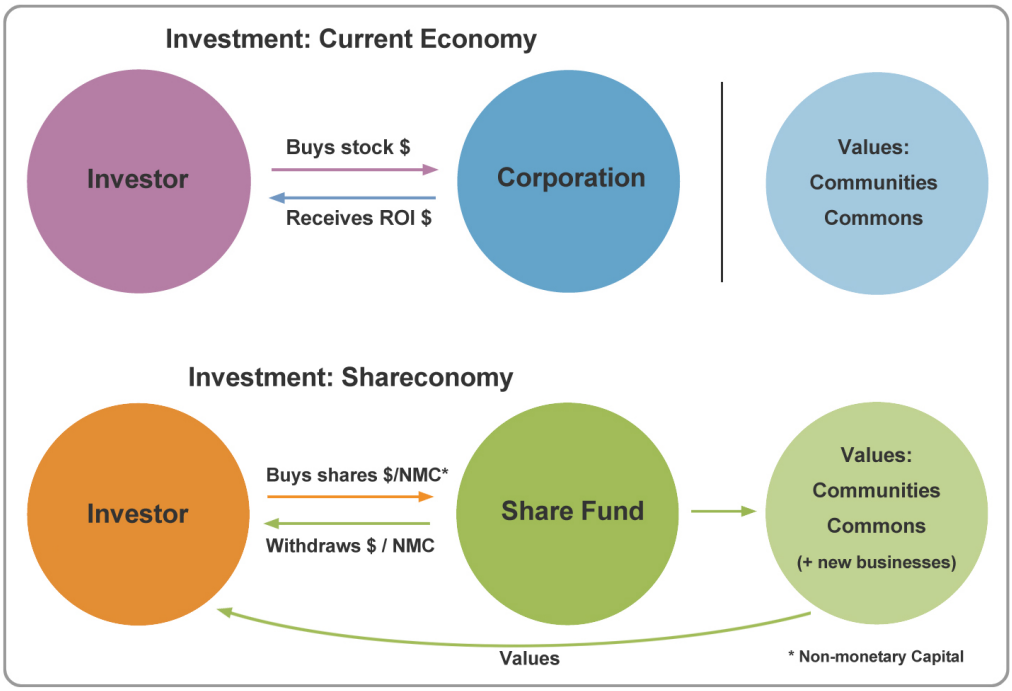
In general, I'm refraining in this paper from demonstrating specific ways in which the Shareconomy can improve community life, partly to maintain brevity, and partly because that is for communities to decide. This issue is important enough, however, to include a couple hypothetical examples of benefits.

Story One: For a first, simple example: you put money into the local Share Fund. Money from the fund is used to create a community garden in the neighborhood; everyone who works in the garden, or helps with the work (e.g. a Grandmother takes care of kids while parents work) shares in the produce. You now live in a neighborhood where much of the food is free in exchange for a few pleasant afternoons spent with friends in the garden. Your investment helped make this possible: the garden, companionship and food are Return of Value.

Story Two: For a second example of a more systemic solution: you regularly invest money in the Shareconomy. That money, plus invested labor, helps to create the multi-age village, that I described in the opening story, for members to live in. This is the community in which you retire. You take your money back out of the Shareconomy to pay rent (it has done its work, helping to create this value) and this vastly increased community wealth is your Return of Value.

Those who invest in the Share Fund with their knowledge, experience and labor may likewise withdraw their shares (like time banks, the Shareconomy non-monetary unit is an hour for an hour) in trade for the experience, knowledge and time of other members.

Return on Investment is Replaced in the Shareconomy with Return of Value.



Element Four: Share Fund. The Shareconomy Fund is composed of monetary and non-monetary capital funds that operate like impact investment trust funds that are directed by community members for the benefit of the community. It funds value-adding projects and services that the community wants – and that are not-direct-profit endeavors – as well as social ventures that become self-sustaining businesses, and it can fund new and expanding

for-profit businesses whose products, services and processes accord with the Shareconomy and community values.

The Share Fund is a pay-forward, not a pay-it-back fund. Companies that receive funding do not "pay back a loan with interest". It isn't a loan – it's a pay-forward by the community into its own future. Accordingly, funded companies become pay-forward companies in perpetuity – as described above in enterprises. The amount that companies pay-forward can be flexibly determined on a sliding scale. Social enterprises do not necessarily pay forward in money – these enterprises exist to create value and have found a way to monetize that value creation such that they are self-sustaining, though not necessarily profitable.

The Share Fund has several levels of operation:

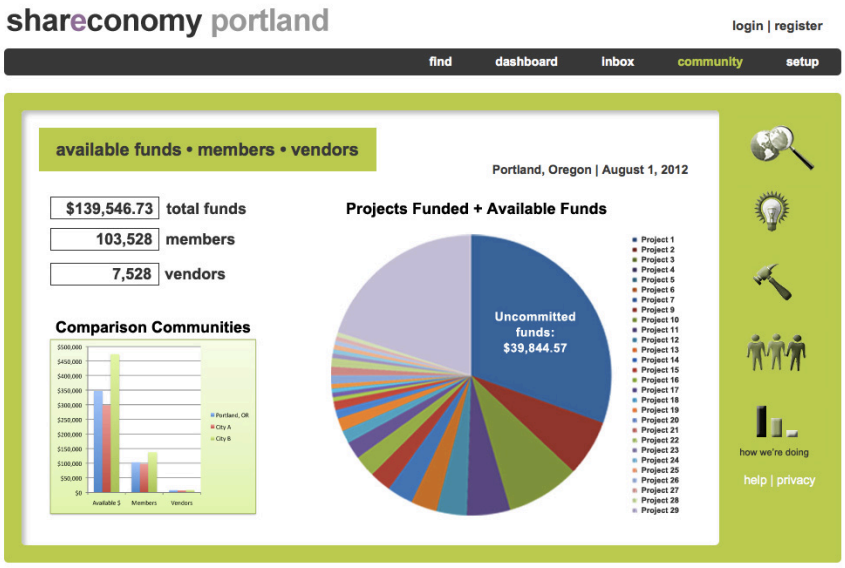
- Intra-community: the fund operates within its community of origin
- Inter-community: the fund operates, by mutual agreement, within 2+ communities.
- Regional, state, country, global.

As well the fund makes available two types of capital:

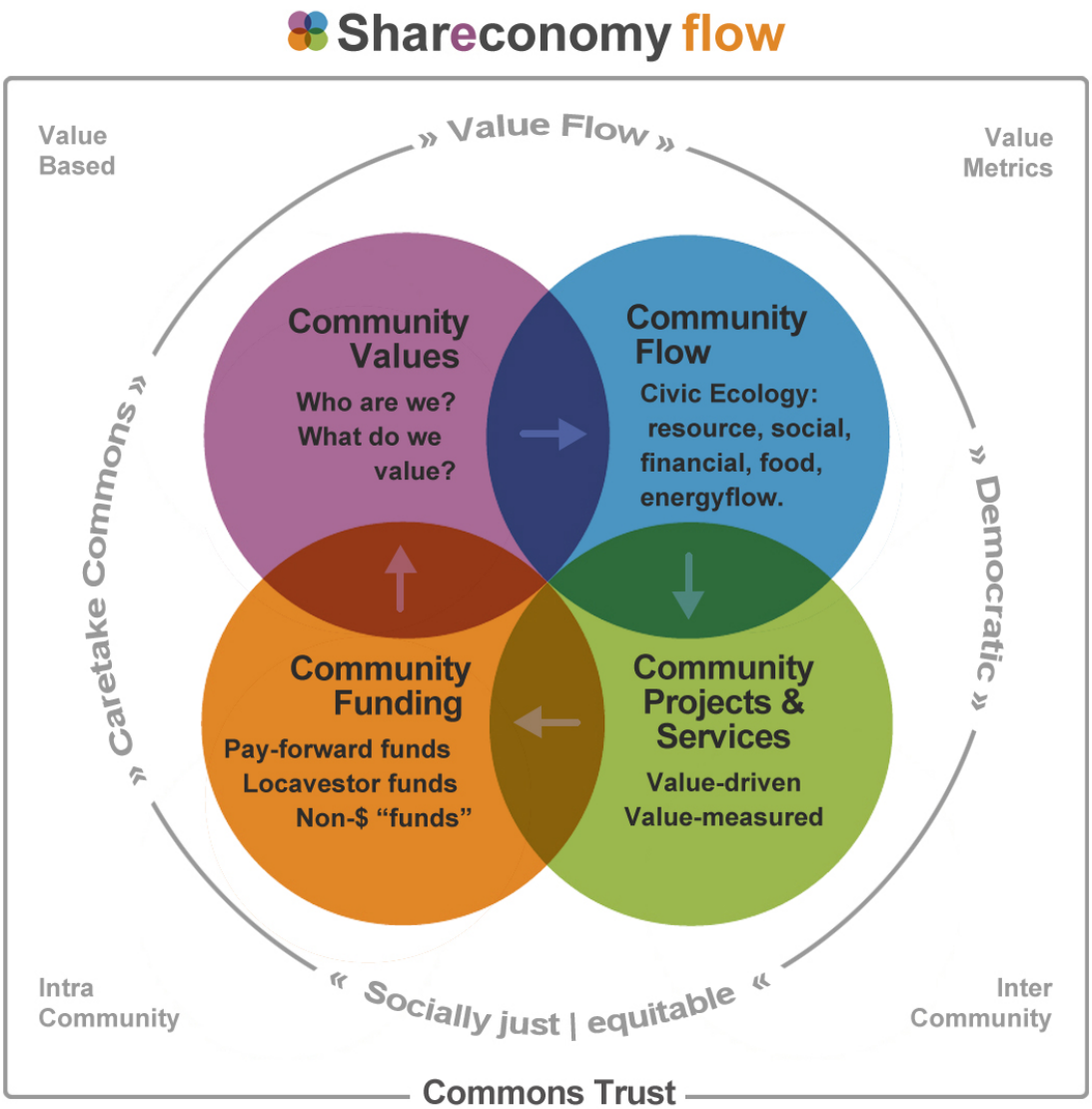
- Monetary capital
- Non-monetary capital

As expressed in Shareconomy preferences, non-monetary capital is the first choice in communities. For instance, a business applies to the community for funding; in part, this startup requires money, but it also requires expertise and mentorship, accounting, perhaps physical labor to help build out a store, etc. All these would be available to help start up pay-forward businesses that the community wants.

Communities may direct their funds where they want. For instance, if there is a disaster in another community, any community can elect to send either monetary or non-monetary help. This will not be "paid back"; instead, the recovered community will pay it forward.



Above, the Shareconomy was described in terms of elements – or entities. The following diagram describes how the Shareconomy "flows" within the community.



Shareconomy Community Flow: the community gets to know itself – in all its diversity – and determines consensus values within the three foundational values. The community self-designs its own material and social resource flows – in other words, the community determines how it wants to live according to consensus values. Community self-design naturally generates projects, services, and new businesses that are require to enact consensus values. The community (in conjunction with the greater Shareconomy) creates a Share Fund of monetary and non-monetary (time-bank expertise trading) capitals to fund the projects, services, and new businesses.

Methods for implementing these models are described in the next section.

Implementing the Shareconomy in Your Community

(Note: as I write this, I am working with a coalition of people to introduce a Shareconomy community to Portland, OR – so all of the following is subject to modification through experience, collaboration and evolution of the models.)

The Shareconomy comes with a foundational "tripod" of values, but the values that each community will use to help guide their needs, decisions, projects and capital allocations flow from the community and the ecological region in which that community is embedded.

In many – if not most – communities, members don't know each other well. How, then, can a bunch of strangers, who might even distrust each other, be expected to come up with shared values? Especially when there are inequalities in income, lifestyle, and education – plus differences in religion, culture, and worldviews?

Skipping the vital, and involved, process of community self-knowing in order to leap-frog directly to determining shared values and then moving directly on to community self-design and development, will tend to yield top-down, elite – or at the very least, non-participatory – "mission statements" and plans that do not reflect the entire community and so meet with resistance and low levels of engagement. Often these plans tend to substitute new problems for old ones – or else they generate exemplary documents that are ignored by a noncompliant community.

Often, solutions proposed by governments from national to municipal, are top down, expert-designed, engineering-based solutions to problems that are not understood at ground level, and that affect people whose lives they don't understand in ways that they can't predict. These top down solutions tend to disempower, disengage, and disenfranchise people. Questions that encourage ground up solutions tend to empower, engage, and involve people.

To introduce a Shareconomy in your town requires a deep understanding of who you are as a community, and what you value. To superimpose a top down solution on a community is a form of coercion that rarely elicits engagement. *Contrarily, to ask a deep question – who are you? – of your community members, and then listen, is an act of caring, and the beginning of growing engagement from the ground up.*

As stated earlier, any home management system (economy) should surely start with questions about who we are, how we want to live, what we value – how else would you know what you are trying to achieve, and for whom? And those questions should involve everyone affected, not just the merchants; after all, companies, communities and customers are a continuum.

The Shareconomy begins with the process of getting to know each other authentically, and then establishing shared values. It proceeds through a process of determining how those values translate into how we want to live together and how we manage all of our resources in a manner consistent with our values. It then moves on to what actual projects, services, and businesses we need to facilitate living together according to our values – as well as how

we're going to know if we're doing a good job getting there. And lastly, we work on establishing monetary and non-monetary capital funds to help produce those projects and services.

In progressive diagram form it looks like this:

The Shareconomy begins with very basic questions: Who are we? How can we get to truly know each other as people, not stereotypes? What are our stories? How can we tell them to each other in a space of safety and respect?

Then: what do we have in common? What do we value in common?

And from those answers: How do we want to live together? How do we share our resources? How should our community resources – material and social – flow?

From here we can start to discuss how we want to live and manage our home. And what we might need to create to help us do that. From there, we can talk about creating the means to create all that. What skills do we have? What monetary resources? These questions, in turn, lead to processes that begin our community self-management system.

Story Bridge | Community Performance

The Shareconomy begins with stories. Although the processes shown above may occur in any order, or simultaneously, the foundation of the Shareconomy is authentic stories-sharing that leads to individual empowerment, authentic understanding of each other, community cohesion – a readiness for concerted action. When humans meet each other as full fleshed people, not as roles (racial, socio-economic, gender, political, age, etc.) they fall in love with each other and true co-creation of community among diverse equals can begin.

Before members of the community truly see each other in their fullness, attempts to create equity and justice tend to become top-down policies (even if they are instigated by grassroots groups and brought to governmental organizations) that mandate different behaviors among people who see each other as truly "other". (Without justice and equity, attempts to create ecological, "sustainable" communities are impossible, and are often rightly seen as attempts by affluent people to "sell green" to economically marginalized communities.) In short, those with more often view those with less as "victims" who need "help", not people with full lives who have been economically marginalized within the context of a role-based culture. Those with less often view those with more as "oppressors". When people become solidified, inflexible roles rather than flexible, multifaceted human beings, they tend to struggle within oppositional roles (race, class, gender, etc.) to try to

reposition themselves along the established hierarchies of those roles. Society is sometimes reformed – from the outside in – in this manner; it is seldom transformed, from the inside out.

In an economy based on money, people "share" in a hierarchical fashion – those with more money donate or invest it downwards to those with less – and often that money comes with rules or goals determined by the philanthropist or impact investor. In a value-based economy, such as the Shareconomy, everyone shares equally because all humans have values in equal measure. There is no one group that unilaterally "helps" another, because there is no one with "more to give" – we all work together to co-create a better world for all. In the Shareconomy, a cohesive community strives together to co-create itself guided by its values. This cannot happen is a community of roles.

Many "grassroots" movements skip this step, moving right on to policy or forming around a specific cause and moving quickly to action. Such movements often become hierarchical themselves, depending on charismatic leaders for cohesion – and are often comprised of the same groups of doers that gather around causes. None of this is meant to suggest that leaders are not important, that causes do not need addressing, or that opposition is never good; there are many instances where all three are needed.

Shareconomy offers an additional way. Shareconomy is about creating empowering space for the transformational co-creation of communities that work for everyone. Co-creation begins with authentic relationships between real people, every one of whom is a leader at one time or another. Stories can help create that space.

Community Resource Flow

Communities are reservoirs of resources – from materials such as buildings, parks, water, and energy; to processes such as transportation, gathering, and trade; to human resources, such as expertise, self-governance, will, compassion, and love. (All of these resources are actually commons, to be cared for and managed for future generations by the community.)

In our current system, the flow of these resources is generally relegated to government and "experts" who – usually with minimal input from community groups – create top-down, policy and technology based "solutions". The Shareconomy proposes to essentially reverse this model, introducing community self-design tools to empower grassroots communities to design their own resource flows according to their values, place, and other localized specifics. Experts and governments have a continued role to play, as advisors, mentors, and allocators of inter community resources.

A good example of how this works can be found in Bangladesh, a country with a pressing need for climate change adaptation strategies. When central government brought expert-driven, top down solutions to villages they were resisted or outright rejected. When government worked with locals as planning equals, providing expert assistance (in some cases experts lived in the village during the planning time) and allocation of funding on a country-wide basis (something that would be difficult for an individual village to do) the process – called Community Based Adaptation – worked. Policies that were indigenous to the village were trusted, accepted and acted upon.

Community Projects, Services and Metrics

When a community knows what it values and designs how it wants to live, projects, services, and new businesses that adhere to and actualize values and flows will naturally arise. Since many of these endeavors will require capital – either monetary capital, non-monetary (time bank expertise) capital, or a combination of the two – there needs to be a simple way to propose and modify the projects, form teams if necessary, democratically allocate capital (via Share Fund, see below), develop a library of "good solutions", and monitor achievements. Because the Shareconomy is a value-based economy, achievements are measured against stated values; however, monetary and expertise-allocation efficiency – as expenditures of knowledge and energy to achieve a result – still play a significant part.

For instance, a community may determine that its definition of "being wealthy" means that no child goes hungry. That's a simple value-driven goal – with a complexity of overlapping, systemic solutions. There are bound to be solutions that are more successful than others – especially in the context of a multitude of other challenges that the community is dealing with. Also, a simple goal, such as feeding children, may interact with another goal: e.g. that solutions strive to be self-sustaining whenever possible. So in this case a simple solution of allocating funding into perpetuity for feeding children would not be as efficient as a solution that empowered hungry families to grow food, collect food from urban orchards, form new coops or businesses, lower their costs in other areas of life, etc. (I cannot begin to list all the ways to address systemic problems in a systemic manner here.)

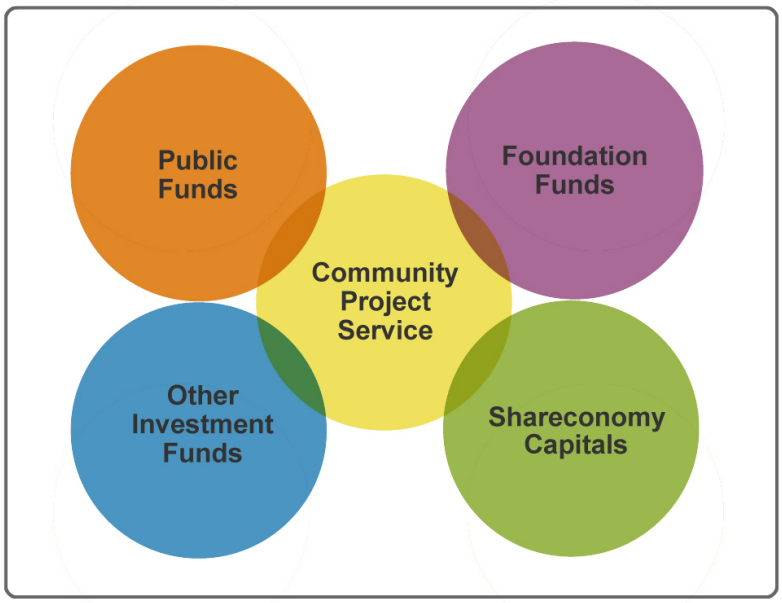
Shareconomy metrics, then, will want to look at both effect and efficiency; as a learning system, we would expect that communities – sharing data in a intra- and inter-community manner – will improve upon their solutions endlessly, as well as endlessly adjust to new challenges. There is much more to say on the nature of value-guided projects, services, and the means to determine success, but it's beyond the scope of this introductory paper. Much of the work done in metrics by nonprofits and impact investors will help here. As well, it's an evolving field; communications within communities and between communities will help establish "good solutions" over time.

The Share Fund is a highly effective, direct expression of grassroots democracy: within the community, each member has one vote to help allocate funds. Two infrastructures are proposed as mechanisms for helping to carry out the operations of selecting and funding projects. An online community allows the posting of projects by anyone: individuals, existing organizations, or ad hoc groups. They are posted for assessment, comments, and contributions. A project should contain the basic elements of business plans: its purpose and goals, projected results, the means of carrying it out, the proposed team (or calls for expanded or merged teams), metrics of results, and the monetary capital or expertise needed to do it.

The community members of the Shareconomy vote periodically on funding for projects and services that are posted on the site. In Portland, we're discussing the possibility of having teams present their proposals to the community in a storytelling theater setting – much like the original community storytelling – in addition to the website description. (Theater can be televised, webcast, and/or broadcast on radio.) Giving the community the ability to actually see, hear and get a feeling for the people and needs behind projects is so much more human than a report on a monitor – and human values are what the Shareconomy is about.

Community Capital Share Fund

Capitalization for community developments – including projects, services, and new businesses – can come from a large number of sources. The Share fund is proposed as a new, democratically allocated fund that is disseminated according to fundamental and locally specified values held by the people of the community. As mentioned above, the Share Fund includes monetary and time bank capitals that may be used in concert with any number of government, foundation, equity, or private funds.



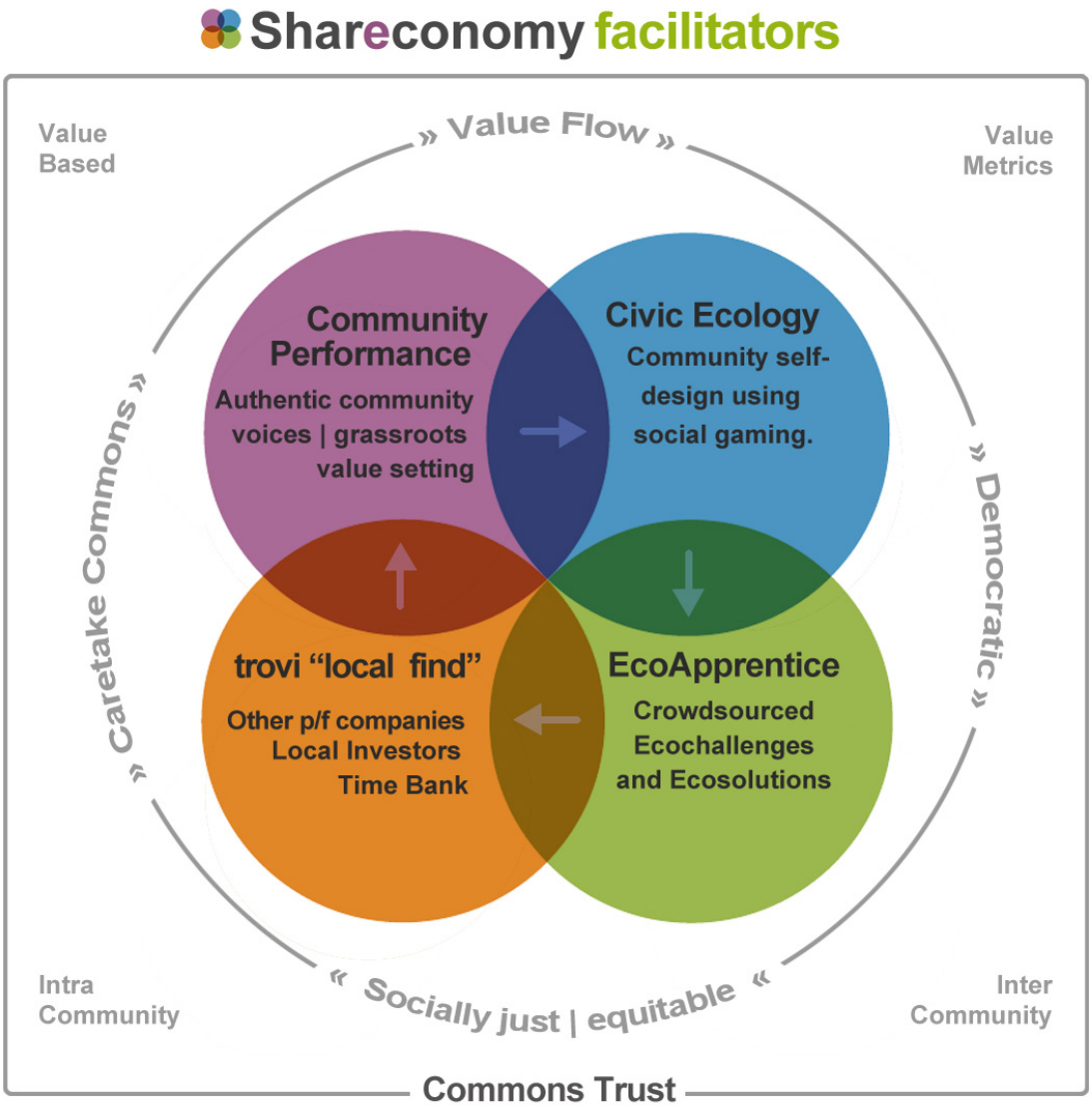
Monetary Share Funds consist of profit shares from "pay-forward" companies (refer to earlier discussion regarding corporate compensation for use of the commons), direct investments by local people, and other forms of capital. Share Funds will end up becoming "local investment markets," with three great exceptions:

1. monies are allocated democratically with no intervening agencies (e.g. government)
2. monies are not paid back; instead, they are paid forward in values or profit sharing
3. the purpose of Share Fund capital is to create community wealth that benefits all; therefore Return of Value (ROV) replaces Return on Investment (ROI)

Each Shareconomy community will have a monetary capital fund and a local time bank, that can be monitored on a local community website.

As Shareconomy communities proliferate intercommunity, regional and perhaps larger funds will be generated. It is outside of the scope of this introductory paper to determine – at this point – how interactions between communities of communities will be handled except to state that the fundamental values pertain from one community to the world.

Shareconomy functions – or elements – are general: co-create cohesive community, self design community, self develop community, and establish local funding. Partners have emerged to help facilitate these functions.



Community Performance

Working with a process developed over decades by Community Performance International assembles ritual times and places for attending to the diverse stories in our midst, a process that leads to knowing and valuing each other. It is a powerful, empowering process that brings out the same natural, caring, helping qualities in people that are seen in the aftermath of disasters – but without the need for the disaster. **Community Performance** stages a meaningful experience of community, where participants come to see, know, understand, value, and have affection for each other -- which helps to inform and motivate them to move towards equity by participating in **Civic Ecology** design process, **EcoApprentice** project implementation, and **Share Fund** local distribution of profits and resources.

Unique features of a Community Performance project:

- local stories are gathered and woven into a script
- this script is performed and staged by local volunteers
- multiple stages near the audience brings everyone in
- a yearly month-long performance (Thurs-Sat) draws audiences from near and far

What it does:

- opens people up to both self and other(s) beyond status and role
- discovers intra-group differences and inter-group commonalities
- breaks through the narrow walls of ideology
- reveals interconnectivity and mutual value
- assembles a rich community of diversity held together by affection
- nurtures the heart's desire for the common good
- exposes what is broadly good – which energizes collaborative vision and action

www.communityperformanceinternational.org

Civic Ecology

Civic Ecology works with communities and neighborhoods in a way that empowers people to design their own community development in a grassroots, bottom-up fashion. Civic ecology encompasses much more than engineering solutions; it is a systemic way of approaching all resource "flows" in a community, from social interactions to water, energy and waste infrastructures, transportation, food production and distribution – all the subtle to material things that flow through a community and make it the particular community that it is I the particular place in which it resides. Civic Ecology accomplishes this in a group game format that empowers community members to co-create in a highly creative, playful atmosphere.

Civic Ecology works in a five step process:

1. Convene
2. Investigate
3. Vision
4. Implement
5. Chart progress

As such, it overlaps and flows through several of the Shareconomy processes, naturally following storytelling and contributing to value setting, as well as determining projects and services and new businesses as well as value-based measurements. For more information, see:

www.serapdx.com

EcoApprentice

EcoApprentice is an online platform that allows postings of "ecochallenges" – community challenges requiring solutions. EcoApprentice then crowdsources these challenges to the community – including student and business communities – for best solutions. If a business has posted a challenge, it can include an EcoBounty with the challenge as both a reward for, and the means to implement, the best solution.

The EcoApprentice platform:

- **Empowers** grassroots solutions to grassroots challenges
- **Encourages** community connection & engagement
- **Provides** experiential learning for participants
- **Creates** jobs, products, businesses

www.ecoapprentice.com

As of this writing, work remains to be done on building the entire Shareconomy community platform that will incorporate projects, teams, Share Fund monitoring, and voting, etc.

Share Fund Investors

The company, trovi, is highlighted in the diagram as an example of a pay-forward company. In fact, trovi (a startup that I am co-founder of) is being built expressly to grow local wealth; it will do so by facilitating local commerce and then sharing 25% of its profits back with the communities that help generate them. As of this writing, I am speaking with other companies about becoming pay-forwards and am also working with local investment groups to help build the Share Fund. As well, we are drawing on available web infrastructure to create a time bank that works in concert with the monetary capital of the Share Fund.

A Note on Community Self-Organization

Most of our existing organizational models are based on worldviews – from religious to scientific – that assume that the basic structure of our universe is a hierarchy of rulers and ruled. The discovery of the self-organizing nature of networked systems is the major contribution of 20th century science. A great example of a complex system that self-organizes is the one you're using to read and understand this sentence. Recent research puts our brains at about 85 billion neurons, trillions of synaptic connections, a couple hemispheres, lots of parts cobbled together over the eons – and no central authority telling them all what to do. Yet you can understand this sentence. As complex systems, human communities naturally self organize, too.

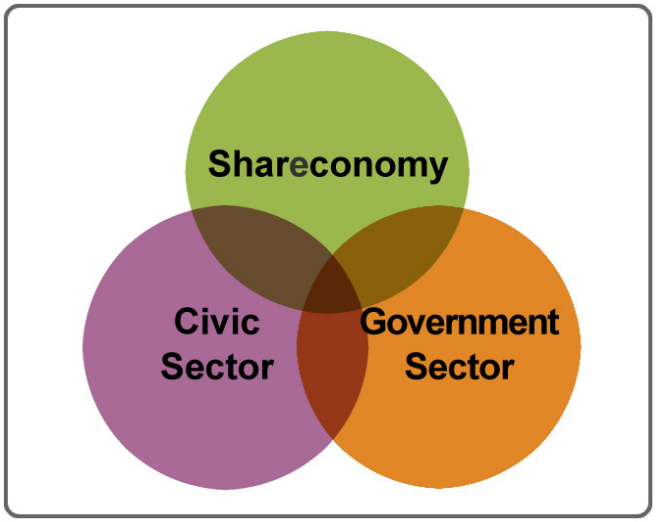
To function as flexibly and as resiliently as the natural world, the Shareconomy mimics that world. The Shareconomy empowers communities to self-organize within a framework of purpose, principles, and functions: it has a clear purpose, clear principles (values), and the four basic functions: value discovery through storytelling, community design, value-guided project/service development and measurement, and empowering community capital.

All Shareconomy members and communities are aligned with these fundamental principles and functions. Aside from that, communities – and communities of communities – are free to creatively customize and devise those systems that work best for them – and are encouraged to share their failures and successes with all other communities.

In this way, the Shareconomy becomes an endless learning organism.

The Shareconomy works with existing agencies

Shareconomy principles of self-organization, democratic, pay-forward capital, etc., work autonomously within the Shareconomy. However, the Shareconomy can, and hopefully will, network and interface with any and all existing agencies and entities with common goals: governmental and non-governmental, nonprofit and for-profit. While the Shareconomy is designed to be implemented now, it will, of course, need to work within existing laws, projects and services will need to work within city zoning ordinances and interface with existing departments and agencies.



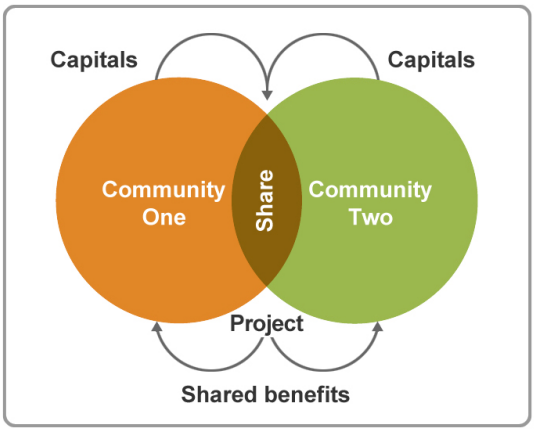
Although changes that the Shareconomy brings to the community may in the long run affect existing laws and agencies, the best scenario for implementation is to establish good relationships with all other governmental and nongovernmental community stakeholders.

Inter Community Networking: Communications and Capital

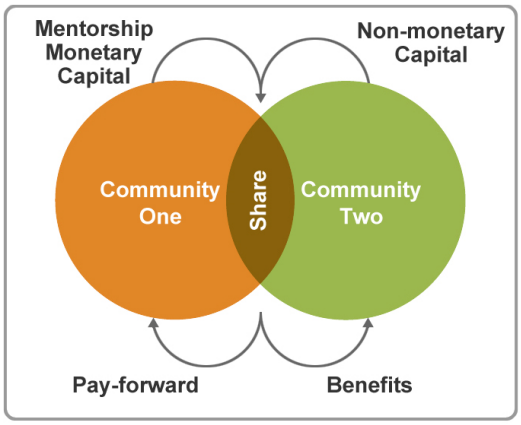
Just as Shareconomy communities can work with other agencies and entities, Shareconomy communities can share communications and capital with other communities – or communities of communities – in the manner they choose. Smaller communities may find that it works better to link with several other small communities to generate more capital and share projects. Contingent communities that are linked by commuting and shared ecosystems will certainly find ways to collaborate. And any community may choose to become "related" to any other community in the manner they both choose.

With the ability to share news and best practice information through the online community platform all Shareconomy communities are automatically networked. It's very likely that regional communities will naturally link, and that communities with similar contexts and possibilities may link closely for shared projects or for periods of time. Likewise, one community may wish to extend a "bridge" to another community, and help it along with information, or capitals. All forms of networking are possible within the Shareconomy framework; actual choices belong to the communities.

From local to regional to national to global, the possibilities of inter-community sharing are endless; a couple Venn diagrams should serve to give a visual idea of two.



Shared Capitals on Common Project:
In the first diagram there is reciprocal sharing of capitals – monetary and/or non-monetary – on a project that is shared between, and benefits both, communities. This simple share could happen between multiple communities on a project that benefitted all, and capitals could be of different sorts from each community: monetary from one, knowledge from another, labor from a third – any combinations that the communities agree on.



One Community Helping Another:
In this diagram, Community 1 helps Community 2 that has suffered a crisis, or perhaps a long time Shareconomy community helps another community pull out of an old economy depression and rebuild. Whatever the scenario, C1 helps out with Mentorship and Capital, while C2 adds its own non-monetary capital to complete projects. It is important to remember that, in a pay-forward economy, C1 does not expect to be paid back. Helping fulfilled their values, and they expect C2 will do the same for another community someday.

As with scenario one, this scenario could involve many communities. As well, it could involve capital from a multi-community fund, regional fund, or larger fund. For instance, this could prove a simple mechanism for getting help to a community ravaged by a natural disaster.

Structure of the Shareconomy

Throughout the paper, I refer to the Shareconomy in two different ways:

One, as a kind of DNA that describes a purpose, set of values and processes – as such, anyone can indeed begin the Shareconomy in their community now – the DNA will certainly evolve through collaboration and co-creation. Of course, "share economies" are already being implemented in various ways, including groups that have started versions of a share fund, using local credit unions or local banks, establishing investor clubs, micro-lending, etc.

Two, as an entity that holds those values as bylaws, creates certain tools such as the local online community, and establishes and oversees supra-community funds. As of this writing, this entity has not been created. My best guess at this point is that it will take the form of a B Corporation, or a corporation that conforms to, and exceeds, the requirements of a B Corporation. The reasoning is that a B corporation is able to prioritize social and other non-bottom line values without being sued, and is also able to issue stock – which could be sold on a secondary social market. However, that is TBD, and open to collaborative ideas.

Chaordic Organizations and Fractals

Adding more terminology to a world full of jargon is not my goal; however, the structure of the Shareconomy can be more easily understood with some understanding of chaordic organizations and fractal growth. I'll keep it brief.

The term Chaordic Organization was coined by Dee Hock, the inventor of VISA – it's a marriage of two words, chaos and order and describes an organization functioning on the fertile border of the two. Search the term online and you'll find numerous pages, but I recommend starting with Dee Hock. He wrote several books including: *The Chaordic Organization*.

For our purposes, what's important is that a chaordic organization maintains the basic purpose and information around which it is formed while allowing for the maximum self-organization – and maximum local creativity – of the system. The members of a chaordic organization are aligned with:

- A basic purpose
- Basic principles
- Basic rules

In the case of the Shareconomy the purpose is:

To create a continuum of value-based wealth in a democratic, grassroots, local-based economy that nurtures thriving people, communities, society and planet.

The principles (values) are:

- Decentralized, democratic decisions and allocations
- Social equity and justice
- Caretaking of the commons (natural, social, human)

Basic rules (or priorities) are:

- local production / distribution first
- share first to reduce consumption
- non-monetary capital first for value projects | services
- Share Fund monetary capital second
- pay forward rather than pay back with interest

These, plus the basic functions (dialog, civic ecology, projects/services, Share Fund) create the pattern of the Shareconomy. I use the word pattern rather than structure or organization intentionally.

Fractal Growth: fractals are geometric patterns found throughout the universe that replicate as self-similar structures – *they are the patterns by which the universe creates itself*. The term was coined by mathematician Benoit Mandelbrot in 1975, who described fractals as: rough or fragmented geometric shape that can be subdivided in parts, each of which is (at least approximately) a reduced/size copy of the whole. An easy visual of a fractal is a tree leaf, which roughly replicates the branching nature of the tree (and vice versa). Human cells are also fractal, each one containing the full functioning capability of the human body.

The reason fractal theory is important to the Shareconomy is that it nicely describes how it replicates itself from one community to another, and to communities of communities – social fractal growth that requires essentially no centralized control. The Shareconomy has a basic pattern that exists whether it is in one community, many communities, a nation or the world; the pattern of value-driven, democratic, pay-forward sharing replicates itself across scales. This is quite different from the centralized authority and linear growth of a corporation and certainly different from any top-down imposed economic system. The non-intermediated (no intervening agencies) self-organization of the Shareconomy is also quite different from a representational government. (Fractal patterning is sometimes referred to as holographic because each scale replicates the whole.)

For an interesting article linking fractals and sustainable development, click to:

http://www.triplepundit.com/2011/01/like-life-sustainable-development-fractal/

Our New Co-Creation Myth

We now know that we live in a universe that self-organizes along elegant, holistic, fractal patterns, and that intelligence is not foreign or extrinsic to this universe, but integral. We are part and parcel of this intelligent, self-organizing universe; there is no line of separation between us and the whole of existence. That makes us co-creators, no longer the victims or adversaries we imagined ourselves to be. I believe that we are poised to leave behind a fearful period in which we viewed ourselves as separate from a harsh universe and relegated our creativity, power, and self-authority to protective rulers and institutions. We're growing up. The encompassing and interrelated natures of the problems we now face also present vast opportunities. As such they invite us to wake up to our own interrelated natures and assume responsibility for ourselves, our planet, and those for whom we are caretaking the future. I believe we can do so in consideration, not of what we must give up, but in the joy of the incredible, thriving lives we will gain.

We have a magnificent opportunity to take a great leap into an unprecedented freedom and creativity with which we co-create thriving lives in thriving communities on a thriving planet – it begins with the first step of an epic adventure, and the time for that step is exactly now. Every child, every species, every new morning of our vibrant lives invites us to take that step

"As a collective, we never really made the leap into freedom. We have been in the grip of hierarchical forms of government for thousands of years, because of our deep-rooted fear of being unable to handle the unknown—formlessness—and because we have been equating freedom with brutality and the rule of the fittest. It is time for making this leap, and if we have the courage to dwell in the unknown of what is next, the new form will emerge more readily and it will most likely be a healthier form, rather than a twisted version of the old form."
– Franca Baroni, On Governance

References:

Note: there are many, many books, documentaries, websites and living examples of new economies. This section is not intended as a complete bibliography; I would, however, like to reference some of the sources I refer to in, or that formed a foundation for, this paper.

For the Common Good, by Herman E. Daly and John B. Cobb Jr.
First published in 1989, a thorough critique of the endless growth economy combined with forward thinking steps towards an economy of common good for people and planet.

Sacred Economics: Money, Gift, and Society in the Age of Transition, by Charles Eisenstein
You can also read the book online at:
http://www.realitysandwich.com/homepage_sacred_economics
Sacred economy provides so much of the history and psychology of money, explanation of the gift economy, and generally the spiritual underpinnings of the Shareconomy, that I simply extend my gratitude and point you to read it if you have not already.

Capitalism 3.0: a Guide to Reclaiming the Commons, by Peter Barnes
Peter Barnes takes on the issue of the commons – its giveaway and reclamation – in an easy-to-read, thorough manner. I agree with most of his conclusions and see the Shareconomy approach to the commons as complementary with his call for Trusts that manage the commons for all their beneficiaries, including – preeminently – those as yet unborn.

Agenda for a New Economy: From Phantom Wealth to Real Wealth, by David C. Korten
I consider Korten's work, to be a complementary companion to Shareconomy ideas and models. I refer to much of his work on the history and background of the "Empire economy."

Story Bridge, From Alienation to Community Action: Richard Owen Geer and Jules Corriere.
This is an excellent and moving introduction to community storytelling as a tool for exploration and discovery – and ultimately community coherence and action.

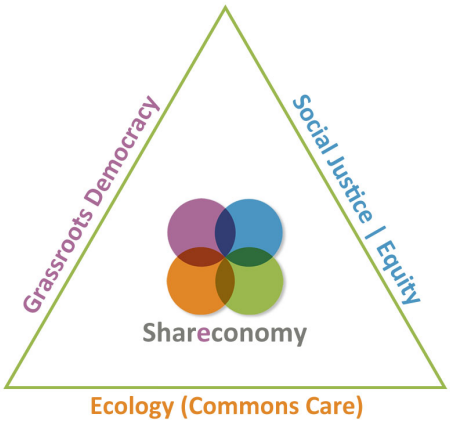
Local Dollars, Local Sense: How to Shift Your Money from Wall Street to Main Street and Achieve Real Prosperity, by Michael Shuman
I had the pleasure of hearing Michael speak in Portland; at turns funny and insightful (incite-ful), his work on the strength and resiliency that local business brings to communities in central to Shareconomy concerns, and I believe complementary to Shareconomy models.

For more information about commons, see: http://www.onthecommons.org

For information on a great neighborhood commons trust, see: http://www.dsni.org/dudley-neighbors-inc

Shareconomy "Crib Sheet"

The Shareconomy is a value-based, value-measured, grassroots economy with 3 fundamental values:



The Shareconomy is a set of models and processes for creating a new economy now, right in the midst of the old.

The Shareconomy redefines wealth as the holistic well-being of the community, community of communities, and all commons.

While the old economy exists to create endless growth of intrinsically value-less money the Shareconomy exists to grow an endless **Value Cycle** whose principles are:

- **Democratic:** people vote on allocation of Share funds – guided by values
- **Grassroots:** bottom up value flows from and to people and communities
- **Decentralized** wealth creation and decision making, minimal central power
- **Self-organized**, direct enactment of values – no intermediating agencies
- **Interdependent**: Earth and commons are ever present in discussions and decisions

The Shareconomy has:

A clear principle:
When our highest human and planetary values are the basis and measurement of our economy, they will thrive.

A clear purpose: to provide a continuum of value-based wealth that nurtures thriving people, communities, society and planet.

Clear values:

- Grassroots democracy
- Social equity and justice
- Caretaking of the commons (natural, social, human)

Clear priorities:

- local production / distribution / fulfillment first
- share first to reduce consumption
- non-monetary capital first for value-guided projects | services
- Share Fund monetary capital second
- pay-forward, with Return of Value (ROV) rather than interest (ROI)

The Shareconomy has 4 elements (functions):

Community: the community establishes and holds values, creates and benefits from projects and services that create community wealth.

Enterprises: not-for-profits actualize values; for-profit businesses have three functions:

- create needed products and services that follow values
- follow values in their effect on commons caused by: extraction, processes, outputs
- pay-forward a portion of revenues into Share Fund

Shareholders: people who invest in the Shareconomy with either money or knowledge, skills and experience.

Share Fund: the community (and inter-community) fund of monetary and non-monetary capitals (time bank) that are used to fund value-guided projects and services.

The Shareconomy has a 4-step community implementation process:

Community story performance to learn who we are as a community and establish what we value in common.

Community flow process to determine and self-design how we want to live, interact, and how our resources should flow within the community.

Community projects, services and value-based metrics to create the actual infrastructure and services to carry out our values and flow, plus the means to measure if we are achieving our values.

Community capital management: establishment of share funds to fund projects and services.

The Shareconomy is a never-ending continuum of value-driven wealth generation: the process repeats itself and continuously evolves through self-organization of communities, and communities of communities.