

## Money as a Common

How and Why Money Should Be Placed in the Service of the People and Their Environment in Africa, both Globally and Locally, by Rethinking It as Part of the Commons

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In the light of the strong appeal of Bitcoin as a supposed alternative solution to national and global monetary and financial problems, the current debates on the possible disappearance of the CFA franc<sup>1</sup>, which is desired by some and feared by others, should not be confined to an essentially political position. Instead, the arguments should be grounded on a thorough consideration of the nature of money itself so that the proposed solutions do not quickly turn out to be worse than the problem at hand, as is the case with Bitcoin. The focus of this chapter is to provide a brief outline of possible alternatives.

We will begin by briefly discussing why using Bitcoin, a supposedly decentralised and global currency, is an unrealistic solution in terms of both the call for sovereignty and the dynamics of production and trade. Bitcoin is only marginally used as a means of payment and does not function as a unit of account. The likelihood of it becoming both is virtually nil given that it is primarily used as a speculative asset. The original idea should not be confused with what it has overwhelmingly become today.

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1 « Franc de la Communauté financière en Afrique », Bernard Courbis, Jean-Michel Servet, "Zone franc", in : Newman P., Milgate M., Eatwell J. (ed.), *New Palgrave Dictionary Money and Finance*, 1992, volume 2 pp. 191–192

Because it is not a credit-based currency, its widespread use could only create a deflationary pressure on the economy, which is the opposite of the goal sought by its African aficionados.

Bitcoin is not jointly managed by stakeholders and can even be described as anti-common for several reasons. These reasons include, in no particular order, the following:<sup>2</sup>

- The purpose of its ownership and the transactions in which it is involved is essentially to achieve private enrichment through speculation.
- It is commonly used as a vehicle for embezzlement, money laundering and racketeering, and as a potential tax avoidance scheme.
- Given the highly unequal distribution of its ownership, its management is controlled de facto by a minority and, as regards the transactions which transit through platforms, its much-touted decentralisation is an illusion.<sup>3</sup>
- Its issuance entails the consumption of tremendous amounts of energy.

It is therefore impossible for it to become a currency in the sense of an institution that enables a relationship of interdependence between in-

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2 Among the numerous criticisms that have been made against bitcoin, we will cite the synopsis published on the site of the Association nationale des docteurs ès sciences économiques et en sciences de gestion (French National Association of Doctors of Economics and Management) by Nadia Antoin on 22 February 2022: <https://www.andese.org/contributions/chroniques-de-nadia-antonin/532-crypto-actifs-innovation-de-rupture-ou-vecteur-de-risques.html>.

3 See Delahaye, Jean-Paul; Dufrêne, Nicolas; Krajewski, Pierre & Servet, Jean-Michel (2023). Long Live Decentralization... but Not for Us! The Myth of Decentralization in the Cryptoasset Ecosystem. *Institut Rousseau*. Accessible at: <https://institut-rousseau.fr/vive-la-decentralisation-mais-pas-pour-nous/>. As for mining, half of it is currently in the hands of two pools, Foundry USA [<https://foundrydigital.com/>] and AntPool [<https://www.antpool.com/>]; this makes it impossible for any changes to be made that would be contrary to their interests [<https://www.blockchain.com/explorer/charts/pools>].

dividuals and their communities. Little information is available to date to gauge the consequences of the recognition of the bitcoin as equivalent to the CFA franc in the Central African Republic. However, as the country was inspired by the Salvadoran example, its failure can be anticipated.<sup>4</sup> This is not only due to the current particularly unfavourable international situation for bitcoin (the drop in its value and the hostility of the World Bank and the IMF<sup>5</sup> as well as national authorities in most countries), but also to the fact that what is being presented as a solution appears to be largely illusory (especially when a country has defective or insufficient computer, telephone and even electrical networks, as is often the case in Africa). While El Salvador can count on bitcoin to enable it to become a haven for speculation (including in real estate), a tax haven and a refuge for the international operations of local mafias, particularly in their dealings with the United States, the Central African Republic has limited competitive advantages in those areas compared to many recognised financial centres in the North and South. This makes its adoption riskier and only truly beneficial for local people involved in corruption and trafficking, and for the Russian mercenaries operating in the country. The response should be to democratise money by placing its issuance and management under stakeholder control.

The critical observation that legitimises an alternative monetary and financial order is that money created by bank credit leads, on the one hand, to a refusal to finance productive activities that are considered too risky and, on the other hand, to over-liquidity and the hyper-development of investment currency to the detriment of payment currency, and

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- 4 See the information cited and the analysis conducted in Dufrêne, Nicolas; Delahaye, Jean-Paul; Servet, Jean-Michel; Krajewski, Pierre; Fabien, Clément & Hannat, Paul (2022). *Les crypto-actifs: du mirage à la réalité. Penser l'impact financier, économique, écologique et politique des crypto-actifs* (Crypto-assets: From Mirage to Reality. Assessing the Financial, Economic, Ecological and Political Impact of Crypto-assets). Accessible at: Microsoft Word - Rapport sur les crypto-actifs G UE Parlement européen VF.docx (emmanuelmaurel.eu).
  - 5 Debelloir, Marine (2023). *La directrice du FMI envisage une interdiction de certaines cryptomonnaies*. Accessible at: <https://cryptoast.fr/directrice-fmi-envisage-interdiction-certaines-cryptomonnaies/>.

to speculation, which is detrimental to the development of real productive activities based on goods and services. In contrast to bitcoin, what constitutes joint management of a currency?<sup>6</sup>

- What makes something part of the commons is not a physical characteristic<sup>7</sup> of the thing itself, but the way it is managed; in this case, through sharing.<sup>8</sup>
- There must be a mechanism for controlling the money supply or, more precisely, a regulatory framework for money creation by the public authorities or through a commission representing the various *stakeholders* in the economy, finance and society.

This type of a mechanism can be achieved through ‘positive money’<sup>9</sup> proposals.

This idea involves separation between two different types of banking institutions. One would be responsible for managing payment currency and the other would provide credit using savings deposits (either directly or by borrowing funds from another institution with a surplus). This is

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6 Here we find, applied to money and finance, Elinor Ostrom’s approach to shared resources, such as water, whose ownership is managed by communities and not administered by a state or a public structure (Ostrom, Elinor (1990). *Governing the Commons: The Evolution of Institutions for Collective Action*. Cambridge University Press.). Hence the name common.

7 The refusal to commodify money is based in particular on the distinction between trust (methodical, hierarchical and ethical) and security and reputation. See Aglietta, Michel & Orléan, André (eds.) (1998). *La Monnaie souveraine* (Sovereign Money). Paris: Odile Jacob.

8 Servet, Jean-Michel (2025). *L’institution monétaire de l’humanité* (*The Monetary Institution of Humanity*). Paris: Classiques Garnier. Forthcoming 2025.

9 Positivemoney (2024). *Shifting Power from Big Banks to People*. Accessible at: <https://positivemoney.org/>. It was put (as *Monnaie pleine* in French and *Vollgeld* in German) to a vote in Switzerland in 2018 and has been the focus of powerful movements in the UK and Iceland. But they have yet to come to fruition. See Servet, Jean-Michel (2022). *Le projet d’une monnaie pleine* (The Positive Money Project). *Ritimo*. Accessible at: <https://www.ritimo.org/Le-projet-d-une-monnaie-pleine>.

also referred to as ‘pledged’, ‘positive’, or ‘fully backed’ money or ‘full reserve banking’. The currency used for payments would be ‘sovereign’ in the sense that the customer deposits taken in by the banks in the sector would be fully guaranteed by the banks. They would therefore not be allowed to grant credit. The institutions responsible for lending would no longer grant credit, as they do today, on the basis of their customers’ debt certificates, but solely on the basis of their capacity to lend from the resources at their disposal.

However, to avoid a contraction in the financing of the economy due to a reduction in credit in the event of strict application of the system, a stakeholder commission should be set up in conjunction with the Central Bank. The commission could authorise financial institutions to exceed the volume of funds available for lending. Such lending should be targeted primarily at environmental objectives, but also at local development and the satisfaction of social needs, according to set priorities. The aim is not to dry up the financing of the economy but to control it in order to curb the speculative economy. This commission would make the difference between money as a public good and money as a common good. A common mistake in this case is to assume that the ‘market economy’ is capable of addressing:

- accounting for all the costs of human activities (whereas only the costs of things that are marketed or taxed are recognised), and
- the satisfaction of needs without factoring in inequalities in the distribution of resources.

This could be achieved through a new form of indicative economic planning.

Sovereign money is a new way of managing money issuance and use within a well-defined national or federal space. Formally speaking, it would entail no change. When a person receives non-cash money, they have no way of knowing whether they are dealing with money that is mainly credit-based or whether its value is guaranteed by a deposit of equal value in a bank. The change would be in the way the institutions

that manage it operate and, beyond that, in the way the entire financial and monetary system operates.

For those who think that a new credit framework of this kind would severely limit economic expansion and the satisfaction of needs, suffice it to say that the eras of indicative economic planning, including of credit (widely applied under various names after the Second World War and the ensuing boom years), with public control of finance, were marked by stronger economic growth than the later neoliberal periods of 'credit liberalisation'.<sup>10</sup>

The proposal aims to prevent an increase in speculative *excess liquidity* in the monetary and financial systems. It could partially address the issue of speculation by controlling issuance. Indeed, on its own, it would appear to be incapable of absorbing the excess liquidity that currently exists in the form of money stocks. Alongside the money issued by banks, there has been a massive transformation of large numbers of assets into highly liquid financial assets. This can be seen, for example, in the management of commodity markets, with Chicago and Geneva as their epicentres.<sup>11</sup> A sovereign money measure, whereby the value of the currency would be guaranteed, would therefore need to be accompanied

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- 10 Pollin, Robert (2003). *Contours of Descent*. London/New York: Verso, 131; Servet, Jean-Michel (2010). *Le Grand Renversement*. Paris: Desclée de Brouwer, 62, 93, 99. It should be noted here that what is meant by 'economic growth' can vary considerably: to take just one example, it can be synonymous with environmental destruction or, on the contrary, with environmental clean-up. This is why the credit system needs to be guided by debates between the different stakeholders
- 11 Servet, Jean-Michel (2012). Genève dans l'empire de la liquidité (Geneva in the Empire of Liquidity). In: Abdelmalki, Lahsen; Jean-Pierre Allegret; Puech, Florence; Jallab, Mustapha S. & Silem, Ahmed (eds.). *Développements récents en économie et finances internationales. Mélanges en l'honneur de René Sandretto* (Recent Developments in International Economics and Finance. A Tribute to René Sandretto). Paris: Armand Colin, 169–178; De Brunhoff, Suzanne (1976). Les matières premières et le système monétaire international (Commodities and the International Monetary System). *Revue Tiers Monde* 66, 515–537. Accessible at: Les matières premières et le système monétaire international - Persée (persee.fr).

by a number of other interventions. At the global level, this could include taxation of material and immaterial income and wealth, the creation of buffer stocks of commodities to replace speculation on futures markets – where securities are sold before they are owned – and the prohibition or tight control of speculative crypto-assets<sup>12</sup> such as bitcoin. At the local level, it may be necessary to facilitate the development of various types of complementary currencies to replace central currencies and create momentum for the satisfaction of collective and private needs. Issuance of national or federal fiscal money could be envisioned with this in mind.

### **From Global to Local: Rethinking Money from the Bottom Up in Africa through Local Complementary Currencies**

Recognising local complementary currencies could go some way to overcoming the opposition between national or federal/confederal and supranational currencies.

Monetary pluralism has always existed, with complementary local currencies now taking many forms. These can include:

- inter-company credit systems,<sup>13</sup> such as the WIR in Switzerland (which was created in 1936) or, much more recently, the Sardex (in Sardinia and subsequently in other regions of the Italian peninsula);
- local exchange systems that form networks of goods and services transactions between households based on a unit of account for such

12 This argument is developed by Delahaye, Jean-Paul & Servet, Jean-Michel (2021). *Le bitcoin: Une spéculation comme les autres?* (Bitcoin. A Speculation Like Any Other?). *Alternatives économiques*. Accessible at: <https://www.alternatives-economiques.fr/bitcoin-une-speculation-autres/00099433>. See also Dufrêne et al. (2022), op. cit.

13 The accounting mechanism is presented by Simon, Bernard (2022). *Crédit interentreprises: quelle situation en 2022* (Inter-company Credit: The Situation in 2022). *Ellisphere*. Accessible at: <https://www.ellisphere.com/credit-interentreprises-situation-2022/>.

transactions and an accounting system to record the exchanges; in cases where the system includes exchanges of services only, it is called a time bank (as in the Italian example). And if the system is supported by an external organisation, it takes the form of the 'accorderies' found in Québec and France; and

- local complementary currencies in use between producers of goods and services who accept them and consumers who acquire them. The money issued by the sponsoring association can be acquired by exchanging it against national or federal currencies, and the funds guaranteeing it are deposited in a financial institution (generally a participant in the mutualist or cooperative movement or a municipal credit bank).

Such systems have been developed mainly in North America and Western Europe. They are rare in the so-called 'developing' countries. The best-known model in the South is that of Las Palmas in Brazil. The question therefore arises as to the barriers to monetary reappropriation at the grassroots level in sub-Saharan Africa.

As far as local exchange systems are concerned, the idea is to think about 'money' in a different light, to give it a social purpose. This critique of money, which has played a strong role in the dynamics of French *Systèmes d'échange local* (SELS), Local Exchange Trading Systems (LETS) in the English-speaking world, *Tauschring* (exchange circles in German), and others, is little understood in Africa, mainly because the social uses of cash are taken for granted. The public therefore does not see the need for an 'alternative currency'. Cash is a prerequisite for the development of informal businesses in which households produce goods and services. However, low income levels could also make them relevant in the 'South', hence their integration into development projects in the form of local complementary currencies. In 2003, the original Community Exchange System (CES) was founded as an internet-based LETS in Cape Town, South Africa. By 2011, it had grown into a global network covering 99 countries. As of March 2019, active communities linked to the CES network had been identified in the following African countries: 62 in South Africa, 2 in Botswana, 1 in Cameroon, 1 in Ethiopia, 2 in Kenya, 2



in Lesotho, 1 in Liberia, 1 in Madagascar, 2 in Namibia, 2 in Nigeria, 1 in Swaziland, 1 in Uganda, 2 in Zambia and 2 in Zimbabwe.

The obstacles to the development of complementary currencies in Africa are primarily political. Local currencies develop best when there is a local community behind the project (for example, in Europe, the main local currency is the eusko, used in French Basque Country). However, local currencies are generally equated with a desire for regional independence and are therefore opposed by governments and monetary authorities that totally underestimate the dynamics they can produce. This has been the case in Senegal's Casamance region,<sup>14</sup> where an experiment involving the issuance of a paper that could be exchanged for foodstuffs was aborted in the autumn of 2011 because the authorities saw it as a revival of the strong claims for independence that had existed for decades in the southern part of the country. However, Ousmane Sonko, the new mayor of Ziguinchor elected in 2022, is in favour of the initiative.<sup>15</sup> Opposition to bitcoin and proposals for alternative currencies such as sovereign currencies and local complementary currencies are rooted in an approach to money as a social relationship that makes it an institution of interdependence linking individuals and their communities at various levels. The struggle to achieve this is undoubtedly a long road paved with many obstacles but also, in my view, with hope.

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14 A presentation is available in French here: Notre histoire – MRLD. Also in Senegal, a project was announced for the creation of a local currency in Kaolack (capital of the region of the same name) in July 2016 ([http://seneweb.com/news/Societe/vers-la-creation-d-rsquo-une-monnaie-locale-a-kaolack\\_n\\_44313.html](http://seneweb.com/news/Societe/vers-la-creation-d-rsquo-une-monnaie-locale-a-kaolack_n_44313.html)). These projects, in addition to those in Casamance and Kaolack, Dakar, Saint-Louis and Thiès, are supported by the Moom Sa Bopp Mënël Sa Bopp (MRLD) movement and by the Centre d'Etudes pour le Financement du Développement Local (Centre for Local Development Financing Studies). They have yet to be implemented, as far as I know.

15 Thior, Birama (2022). *Ziguinchor: Le premier théoricien de la monnaie locale défend Ousmane Sonko*. Accessible at: [https://senego.com/casamance-le-premier-theoricien-de-la-monnaie-locale-defend-ousmane-sonko\\_1368492.html](https://senego.com/casamance-le-premier-theoricien-de-la-monnaie-locale-defend-ousmane-sonko_1368492.html).

