

Annual Report

May 2010 - May 2011

Overview

Positive Money was founded in May 2010 to raise awareness of the fundamental problems with our current debt-based monetary system.

Prior to May 2010

Ben Dyson started writing on the issue of the debt-based monetary system in May 2009, at the website BenDyson.com, building up a support base of around 400 subscribers (whilst working freelance). He also worked with the American Monetary Institute in developing the technical details of their draft legislation, and spoke at the AMI conference in Chicago in October 2009. In December, Ben and other UK-based activists collaborated to develop UK-specific draft legislation that would reform the monetary system. This draft legislation was released in early May 2010 as the 'Bank of England (Creation of Currency) Bill', and promoted under the website BankofEnglandAct.co.uk (now integrated into the main Positive Money site).

Through this activity, it was becoming apparent that there was a need for a full-blown organisation or campaign. In May 2010 Ben Dyson registered a not-for-profit company and opened a bank account for the organisation.

May 2010 Onwards

At this point, one supporter offered to provide a long-term interest-free working capital loan to the organisation, so that Ben could concentrate exclusively on building the campaign organisation. In June Ben wrapped up his remaining freelance work, and started working full-time on building the campaign.

We recruited three student volunteers to spend the summer of 2010 doing the background research and helping to set up the organisation. One volunteer, Parmjit Bains, was invaluable in getting the organisation set up. Through the summer of 2010 we built a small network, met relevant people in unions, universities and other think tanks and campaigns, and started to get a feel for the environment we'd be working in.

In July 2010 we secured our first grant funding from the RH Southern Trust, which allowed us to employ a second full-time employee, Ben Curtis (who started in September).

We started planning a student conference for mid-November 2010. At a roundtable discussion with David Davis MP, we met Steven Baker, a new Conservative MP with an excellent understanding of money and banking, who agreed to speak at the student conference, along with Tim Evans, chief executive of the money-focused think-tank The Cobden Centre.

In September 2010 we engaged with The Finance Lab, a joint initiative between WWF and the Institute for Chartered Accounts (ICAEW), taking part in their collaborative projects, which involved a wide range of individuals and organisations looking at the changes that would need to be made to the financial system in order to avert a complete environmental crisis.

We also engaged with a small team of successful business people who were aiming to start a 'not-a-bank' bank on the same basis as outlined in our reform proposals. Despite some delays due to regulation and other barriers to entry, this project is now near to a public launch (as of September 2011) and will give consumers an alternative to the big PLC banks.

In this first four months of the campaign we also:

- Built a strong working relationship with the New Economics Foundation
- Meet with Stephen Williams MP (Lib Dem, Bristol West)
- Developed good contacts in Unison, the UK's largest public sector union
- Lined up an impressive range of speakers for our student conference for November 2010,
- Appeared on two local radio shows (in Bristol and Sheffield)
- Attended round-table discussions with David Davis MP, Robert Peston, Professor Paul Wooley, and Tony Benn, among others.
- Provided business and commercial strategy advice to a separate project investigating new ways of funding large investments in renewable energy (specifically, how the initial construction of off-shore wind turbines could be funded)
- Took advice from award-winning advertising professionals on the best way to communicate the issues

September - December 2010

In September 2010 we realised that the name we had originally chosen for the campaign wasn't working effectively, and rebranded as 'Positive Money' on the 14th September. The name encapsulated two concepts - firstly that money can be created 'positively' rather than as a negative debt, and secondly that banking and finance can be a positive force if properly reformed.

In September/October, Ben Dyson spent two weeks trying to compile the facts about how the UK monetary system really works, using original source documents from the Bank of England. While this process cast a lot of light on the system and showed that most textbooks were fundamentally inaccurate, it was apparent that this project would take more than two weeks to do properly, and so was put on ice temporarily while we sought funding and partners to work on the project.

At this time the government set up the Independent Commission on Banking to make recommendations on the best route for reform. We contacted the New Economics Foundation to suggest doing a joint submission, and Professor Richard Werner of the University of Southampton also joined us as a co-author. We submitted a clear 40-page explanation of how full-reserve banking met the objectives of the Commission, and how they would be unable to meet their objectives if they retained the existing banking business model.

In November 2010 we hosted our student conference, which saw around 130 students from around the country spend two days learning about how the monetary system is responsible for debt, poverty and inequality. Speakers included Steve Baker MP, Toby Baxendale (a highly successful entrepreneur), Josh Ryan-Collins of the New Economics Foundation and Professor Mary Mellor of Northumbria University. The Finance Lab

hosted a collaborative session on the second day of the event, and overall feedback was extremely positive.



The "Bank of England Act" website by now had attracted over 600 comments, questions, suggestions and other feedback. We compiled this feedback into a list of issues to address, and merged the Bank of England site into the main Positive Money site. Then we spent a few days in December, working with other researchers and legal experts to rebuild the legislation. This produced an updated version of the draft bill, which was much more comprehensive, clean and watertight.

In this period we were approached both by the producer of a Robert Peston BBC documentary on the banking crisis, and also by the producer of new Channel 4 current affairs program Ten O'Clock Live. We advised the BBC producer in how the current financial system works and what problems this causes, and presented to the entire production team for Ten O'Clock Live.

In the second four months of the campaign we also:

- met with the Adam Smith Institute, Compass, and 1st Ethical Charitable Trust (a charity focussed on Islamic finance)
- Spoke at the Brixton Urban Green Fair
- Spoke at a fringe meeting for the Lib Dem autumn conference
- Trained a group of 20 activists and environmentalists from large NGOs and campaign groups
- attended roundtable discussions at Civitas and the Centre for the Study of Financial Innovation (CSFI)
- spoke at the Bromsgrove Group annual conference and American Monetary Institute's annual conference in Chicago (supported by the James Gibb Stuart Trust)
- were interviewed for a number of independent documentaries
- hosted a talk on the monetary system at Birkbeck (University of London)
- met with the sustainability team at the Institute of Chartered Accountants (ICAEW)

January 2011 - May 2011

In January we planned a campaign aimed at the activists and public sector workers who were being affected by government spending cuts. The campaign argued that there was 'One Good Cut' that we could make - to cut the subsidies and taxpayer-funded welfare to the big banks. We got help from an award-winning advertising professional to develop a 3 minute video that would explain the core issue, and launched the website in February. The video had over 20,000 views within two weeks, and we attracted 3,000 new supporters (who subscribed to our email list). However, we felt that the level of understanding of money was still far too low, and that many of the campaigns and unions who should have been able to campaign on this issue were holding off due to widespread ignorance about the issue. It became apparent that it was too early to be campaigning in the traditional sense, and that we would need to take a step back and focus on education and raising the general level of understanding of the issues.

At this point we were joined by Drew Jackson (originally volunteering but now a full-time employee of the organisation). Drew had graduated with a Masters in economic development and would work with us on the research aspect of our work.

One key issue was the lack of clear information about how the existing system really works, with most textbooks being out of date and many activists debating the finer

details of the system rather than actual raising awareness about it. Even the majority of economists were basing their work on an inaccurate understanding of the monetary system.

To counter this, we started to seek funding for a project to map out the UK monetary system. The New Economics Foundation actually secured funding for this project, and we collaborated with them over 4 months, reading through over 500 original documents from the Bank of England and other banking authorities to compile the most comprehensive and accurate account of the modern UK monetary system available. The end product of this report will be published by NEF as a 150 page book at the end of September 2011. Having this basis of facts ensures that we can now continue mapping out the consequences of the current monetary system rather than having to counter confusion and misinformation about how it actually works.

In February, WWF's The Finance Lab provided funding for us to set up an office as a base for the many volunteers who wanted to get involved with the project. We moved into a cheap, 5 person office between Angel and Barbican in London, and started recruiting volunteers. With 'creative use of space' we managed to make the office fit 8-9 people at one time, and most of these volunteers helped in researching the connections between the monetary system and problems like debt, poverty, inequality and the environmental crisis. Drew Jackson coordinated the research side of our work.

In March, NEF, Positive Money and Prof Richard Werner had a 3-hour meeting with the secretariat of the Independent Commission on Banking. We were successful in getting two out of the three representatives at the meeting to understand how money is really created, what the problems with the current business model of banking are, and how a switch to full-reserve banking could help address the objectives of the Commission. We had a similar meeting with the Treasury's banking reform team.

Also in March, Ben Dyson was invited to sit on the panel of a debate at Oxford University, alongside Angela Knight, Chief Executive of the British Bankers' Association, and David Miles of the Bank of England. The consensus from members of the audience that we spoke to afterwards was that our argument was stronger than that of the representatives for the banking sector.

As a way of improving our educational work, in April we filmed a seminar given by Ben Dyson, and put this on DVD and made it available online. The DVD was released in July 2011 and has sold over 100 copies, and been watched over 3,000 times online.

At the end of May we secured £4,800 in funding from the JRSST Charitable Trust (endowed by the Joseph Rowntree Reform Trust) to undertake a project around the democratic deficit(s) in banking. This work is ongoing and should be complete towards the end of October 2011.

At the end of June we secured £4,800 from the James Gibb Stuart Trust for a research project to investigate the transition from fractional to full-reserve banking. This project is ongoing.

In this period we also:

- attended 'NetRoots', a conference for activists organised by the Trade Unions Congress (TUC)

- met with the IEA (Institute for Economic Affairs), union-led False Economy, campaign group 38 Degrees and FairPensions
- met with Jon Cruddas MP, Lisa Nandy MP and Michael Meacher MP
- met with Paul Moore, the 'HBOS whistleblower', who was sacked from his position of Head of Global Risk at the bank for warning that the sales culture and risky lending would ruin the bank
- helped Michael Meacher MP to draft an Early Day Motion on the subject of reforming the monetary system
- took part in the 'Good Banking Forum' hosted by the New Economics Foundation and Compass

Plans Going Forward



In order to effectively campaign around an issue that few people understand, we first need to raise the level of awareness and understanding with regards to how the banking system really works. To date, the discussion around reforming the monetary system has been kept on the fringes by a lack of clarity about how the system works, leading to confusion and conspiracy theories. Our role, at least for the next 18-24 months, is to turn this into a mainstream, credible issue, discussed by mainstream figures and understood by much more of the general public.

We're working on the assumption that once economists, politicians and the public truly understand the way the system works, the pressure for change will be impossible to ignore. We don't aim to launch and control a nationwide activist movement - just to lay the foundation for such a movement to arise.

We also work on the assumption that the current system can't be rescued, and that the debt-based monetary system is currently on life-support, with no real hope of recovery. That means that it's a case of when - not if - the reform will be implemented.

Going forwards, there will be three areas to our work:

1. Research
2. Educating the Public
3. Educating the Experts

1. Research

We have 5 areas of research:

1. How Does the System Work Now? [90% complete]

Through the research that we've been doing with NEF, we've managed to clarify exactly how the system works, by going to original sources from the Bank of England and other banking authorities. This will help in clarifying the confusion over how money is actually created and serve as a tool to help economists update their own knowledge.

The outcome of the work will be published by NEF as a paperback book in late September.

We will now also turn the content of the guide into animated video presentations to make it as accessible as possible for laypeople.

2. What are the consequences of this debt-based system? [In progress]

While we intuitively know what impact the current system has on major social and economic problems, we need to compile academically-robust evidence and data to back up everything that we are saying. We currently have five volunteers, all students or recent graduates in economics or finance, working on compiling this research.

3. How would the reformed system work [90% complete]

We have developed the model of full-reserve banking further than anyone to date. Building on the proposals in Robertson and Huber's *Creating New Money* (which were in turn based on the work of famous economist Irving Fisher), we have worked out exactly how full-reserve banking would work and how it could be implemented.

We have presented these proposals in plain English, in the form of a submission to the Independent Commission on Banking, and in a 20 minute presentation on the 'All About the Money' DVD (and online). We have also, with support from the James Gibb Stuart Trust, created (and updated) a piece of draft legislation which shows exactly how this monetary system could be implemented in law.

4. What are the Benefits of Reform [In Progress]

Many of the benefits of this reform are the inverse of the consequences of the current system. Again, while we intuitively know what benefits would come from reforming the money system, it requires modelling and academically-robust arguments to back up our claims. Our volunteer researchers are working on this now.

5. How do we get from A to B? (The Transition) [In Progress]

Via the James Gibb Stuart Trust we have raised £4,800 to fund a research project which maps out how the transition from fractional- to full-reserve banking (and from debt-based to debt-free money creation) will affect the economy. This is to address the last major obstacle to our reform being seen as 'feasible'; even politicians who support the idea of full-reserve banking have expressed concern with the challenges of transitioning to the new system.

The project will be undertaken by our Head of Research, Drew Jackson, who was heavily involved in the NEF project and now has more expertise in this area than anyone else we know of. The project will address four issues:

- A) The impact on the level of credit
- B) The impact on the banking sector (both the big PLCs and the building societies, mutuals and credit unions)
- C) The implications for foreign exchange (there aren't many, but we need to prove this)
- D) The risk of inflation (which will be lower post-reform, but again, we need to prove this and address misconceptions)

By December 2011 these projects should be wrapped up, leaving us in a very strong position with all the data and evidence to back up our claims and support the need for fundamental reform.

EDUCATING THE PUBLIC

This will be a parallel focus between now and the end of this year, as we learn the most effective ways of spreading the word. Towards the end of the year, the volunteers working on research will finish their projects and will be replaced by volunteers working on public education, increasing how much work we can do and how many people we can reach.

Framing the Issue

We are focussing the 'consequences/benefits' research and the public education around the following five areas:

1. Poverty, Debt and Inequality
2. Power, Democracy and the Democratic Deficit in Banking
3. Environmental Breakdown
4. Small Businesses & the Real Economy
5. Housing

Functional Areas

Functionally the public education falls into three areas:

1. Online Marketing

Covering the website and Facebook, Twitter, YouTube etc. Online marketing gives us the highest return on time by far, in comparison to speaking at small events etc. A video that we produce in 3 hours can be seen by over a thousand people, whereas a talk given to 40 people can take more time (including travel) and less impact. We are taking advice from experts in the field of internet marketing on how to do this as effectively as possible.

2. Community

We have started organising local meetups around the country as a way of getting interested supporters to meet each other, in the hope that new groups and campaigns will arise out of this. We have asked supporters to organise these events themselves, and have the facility to email everyone on our database who lives in the surrounding area to promote the events.

3. Events

We will be organising a large conference in November 2011, which aims to pull in many of the NGOs and influential commentators. The event will (provocatively) focus on 'Saving the Country from the Banks' and be very action focussed, making it clear that is urgent that we reform the financial system now rather than later.

We will also train volunteers to speak at smaller events and have a presence at fairs, festivals etc.

EDUCATING THE EXPERTS

The 'experts' include banking experts and commentators, Bank of England, NGOs, the UN, charities, academics, journalists, industry bodies, civil servants and (eventually) MPs. This is an effort to spread the word among those who have either influence or an audience. It will involve a lot of face-to-face meetings, building the network and raising the profile of the organisation. We will map out a target list of key contacts, and then start contacting them.

We will use our October conference to start building relationships with some of these people and organisations, but the real work in this area will begin in January, once the research has been done and the public education is established and making good progress.

Our Funders

R H Southern Trust

The RH Southern Trust funds projects that address society's conflict with nature and the present dysfunctional economy. It also funds technologies that relieve disabilities. It is a family trust and two of the trustees are Quakers. The Trust has long-term involvement with the few projects it chooses and a particular interest in India.

The RH Southern Trust supported the campaign's core and salary costs throughout the establishment and first year's growth of the campaign.

Polden Puckham

Polden Puckham supports work that seeks to influence values and attitudes, promote equity and social justice, and develop radical alternatives to current economic and social structures. They have supported us in producing a range of educational materials and mapping out the connections between finance and the environmental crisis.

WWF's The Finance Lab

The [Finance Innovation Lab](#) is an open environment in which people can come together to explore, innovate and evolve the financial system, so that it sustains people and planet.

The Lab is co-convened by WWF-UK and ICAEW (the Institute of Chartered Accountants in England and Wales).

The Finance Lab supported us with funding to establish a small office and recruiting volunteers to expand our work.

Individual Donors

Around 140 individual donors support us on a monthly basis. This collectively covers the core overheads and rent for the organisation on an ongoing basis.

Confirmed Funders Beyond May 2011

James Gibb Stuart Trust

The James Gibb Stuart Trust is a registered charity, based in Glasgow and established in April 2008. Its Mission is to advance the education of the public in such economic theory and practice, as shall reduce indebtedness. Its Vision is the reduction of overall levels of debt in society, at a personal, national, and international level, to the benefit of all, financially and socially. It drives its Mission forward through creating, operating and supporting educational projects which are in accord with its charitable Objects.

The James Gibb Stuart Trust has supported Positive Money by funding a 6 month research project to map out the transition between the existing financial system and a reformed monetary system.



The James Gibb Stuart Trust has also facilitated the attendance of Positive Money staff at the Trust's Bromsgrove 2010 Conference, and will do so again at its 2011 Conference in October. It has also assisted the attendance of Ben Dyson at the American Monetary Institute Conference in Chicago in 2009 and 2010, and will do so again in September 2011.

JRSST Charitable Trust (endowed by Joseph Rowntree Reform Trust)

The JRSST Charitable Trust has supported a project (still ongoing) that focusses on the democratic deficit in banking. The JRSST Charitable Trust (Charity Registration No. 247498) is endowed by the Joseph Rowntree Reform Trust Limited and only gives grants in areas closely related to the work of the main Trust. The Joseph Rowntree Reform Trust Limited is a non-charitable trust of which all the directors are trustees of The JRSST Charitable Trust.

Company Directors



Positive Money is a not-for-profit company, limited by guarantee and registered in England and Wales. Ben Dyson was the sole director for the financial year May 2010 - May 2011.

We recognised the need to put a more comprehensive governance structure in place. In August 2011 we recruited three new directors. The directors are currently:

Robin Brownsell (Non-executive)

Robin has 34 years sales and marketing experience that includes working with financial services companies. He was retained as a consultant in 2007 by PayPal (Europe) to help them launch their *text to buy* solution for the UK market. He now runs Cut Loose Consultants Ltd, a consultancy which advises new entrants to the financial services market. He has an excellent broad knowledge of current developments in finance and regulation.

Dr Robert Welham (Non-executive)

Bob has a doctorate in Artificial Intelligence and lectured at the University of Strathclyde in Glasgow, before taking a position as a researcher at Hewlett-Packard Laboratories in Bristol. He has studied the monetary system since 2005, starting with the perplexing question "Who are we all in debt to?".

Jon Long (Non-executive)

Jon has significant corporate experience, being responsible for business process outsourcing deals in excess of £2billion for organisations like the NHS and IBM.

Ben Dyson (Executive)

The founder of the organisation, Ben remains a full-time employee of the campaign and manages the campaign on a day-to-day basis.

Accounts



Positive Money Limited

Draft Accounts for the year 13th May 2010 to 12th May 2011
(First Financial Year)

Statement of Financial Activities

		Total Funds (Unrestricted)
A Incoming resources		
<u>A1 Incoming resources from generated funds</u>		
Grants	£17,000.00	
Donations	£7,614.56	
A1a Voluntary income		£24,614.56
Gross Interest on current account	£0.69	
A1c Investment income		£0.69
Conference fees	£1,430.00	
<u>A2 Incoming resources from charitable activities</u>		£1,430.00
Sundry income	£0.24	
<u>A3 Other incoming resources</u>		£0.24
Total incoming resources		£26,045.49

B Resources expended

<u>B1 Costs of generating funds</u>		
Fundraising expenses	£976.98	
Publicity/Promotion	£1,850.59	
B1a Costs of generating voluntary income		£2,827.57
Directors' salaries	£1,000.00	
Employees' gross pay	£11,508.00	
Employer's National Insurance	£980.23	
Campaign Website Development	£2,110.89	
Internet services	£3,227.32	
Books	£579.80	
Office supplies	£1,034.61	
Rent	£1,950.00	
Telephone and Postage	£123.58	
Director's travel expenses	£194.99	
Employees' travel expenses	£428.50	
Volunteers' travel expenses	£756.30	
Attendance at events	£90.45	
Presentation expenses (talks, seminars etc etc)	£38.50	
Conference costs	£1,437.70	
Depreciation	£300.00	
Sundry expenditure	£80.30	
<u>B2 Charitable activities</u>		£25,841.17
Company administration	£1.00	
Legal compliance costs	£150.56	
<u>B3 Governance costs</u>		£151.56
Total resources expended		£28,820.30
Net ingoing/outgoing resources		-£2,774.81

E Reconciliation of Funds

Total funds brought forward	£0.00
Total funds carried forward	-£2,774.81

Positive Money Limited

Accounts for the year 13th May 2010 to 12th May 2011

Balance Sheet

	Total Funds (Unrestricted)
A Fixed assets	
Hardware - media equipment etc	£1,360.44
<u>A2 Tangible assets</u>	<u>£1,360.44</u>
Total fixed assets	<u>£1,360.44</u>
B Current assets	
<u>B2 Debtors</u>	£1,150.00
Santander - current account	£6,222.92
Paypal	<u>£269.50</u>
<u>B4 Cash at bank and in hand</u>	<u>£6,492.42</u>
Total current assets	<u>£7,642.42</u>
C Liabilities	
HMRC	-£430.67
Sundry creditors	<u>-£1,347.00</u>
<u>C1 Creditors: Amounts falling due within one year</u>	<u>-£1,777.67</u>
Net current assets or liabilities	<u>£5,864.75</u>
Total assets less current liabilities	<u>£7,225.19</u>
Loans	<u>-£10,000.00</u>
<u>C2 Creditors: Amounts falling due after more than one year</u>	<u>-£10,000.00</u>
Net assets or liabilities	<u>-£2,774.81</u>
E The funds of the company	
<u>E3 Unrestricted income funds</u>	<u>-£2,774.81</u>
Total company funds	<u>-£2,774.81</u>

Note: The organisation was founded in May 2010, with a long-term, interest-free working-capital loan of £10,000 from a supporter. It took the first 4 months to establish the organisation, build our supporter numbers, get the facilities to take regular donations, and get our first larger funder, so the deficit should be seen as the cost of establishing the organisation before we had actual funding. There were also one-off expenses (such as buying second hand computers for volunteers to work on in the office, and purchasing filming equipment to produce videos and film our events) that were incurred in the last financial year but will serve us over the next few years.