

PositiveMoney

**Reimagining money,
banks and our
economy for the
wellbeing of people,
communities and the planet**



We are part of a growing and collective force for economic systems change. Our mission is to reform money and banking to *build a fair, democratic and sustainable economy*. To achieve this we produce groundbreaking research and policy, educate the public and politicians, and mobilise people-powered campaigns.

WHO WE ARE:

The financial sector wields enormous power over the way our economy is structured, and over all our lives. Since 2010, Positive Money has led the development of civil society efforts to counter this power in the interests of people and planet.

We are a not-for-profit research and campaigning organisation. Set up in the aftermath of the 2008 global financial crash, we have become a leading voice in the movement for economic systems change. We are a growing movement, with a grassroots network of over 30,000 online supporters who campaign with us. We have also become an international organisation, with offices in both London and Brussels, and are setting up a US presence in 2021.

OUR IMPACT:

Working with our partners over the last decade, we have brought about major changes:

- In 2014, we debunked myths about the way money is created in our economy, when the Bank of England confirmed our analysis of money creation in a quarterly bulletin.
- In 2016, we refined our proposals, championing the protection of cash and the introduction of a central bank digital currency (CBDC). These policies are now being implemented by leading central banks around the world.
- In 2018, we led a coalition of organisations to mark the ten year anniversary of the global financial crisis, and were the main civil society voice in the media marking the occasion.
- We have taken the idea of monetary financing to fund UK government spending from the fringes of debate to the mainstream, and in 2020 we led calls to use this measure in response to the COVID-19 crisis.
- Most recently, our advocacy work and people-powered campaigns have pressured the Bank of England to take action on climate change—in 2021, we helped influence the Chancellor to give the Bank a new green mandate.
- Outside of the UK, through the work of Positive Money Europe, we have pushed forward the conversation on central banking reform in the Eurozone, and on greening and democratising the European Central Bank.

All of these achievements were accomplished in partnership and coalition with others, including civil society organisations, economists, and other allies. We discuss more about our commitment to collaboration in Part 4.

OUR PLAN FOR 2021 -2026

This document summarises the core thinking behind our strategy for the next five years:

1

Part 1 sets out our foundational analysis, using a 'house model' and an illustrative map of the UK financial system to highlight the key challenges we face.

2

Part 2 outlines our response using the framework of 'leverage points' in the current system, describing where and how we plan to effect systemic change.

3

Part 3 details our priority topic areas.

4

Part 4 describes how we create impact, and how we work.

Climate change, ecological breakdown and accelerating inequality are the result of a broken economic system that prioritises profit over people and planet, and the interests of the wealthy over those of the majority. These mounting systemic failures must be countered by an energetic, compassionate and above all hopeful civil society response.

To meet these challenges, Positive Money will work with our partners to drive forward a paradigm shift. We will reimagine money, banks and our economy for the wellbeing of people, communities and the planet.



PART 1

The Challenge

THE CHALLENGE

Our starting point is that the money and banking system we seek to reform does not sit in isolation from other societal issues: it must be considered as part of a wider system that includes powerful interest groups, institutions, rules, ideologies and power structures. These systems are inherently complex and multifaceted, so we analyse the challenges we face through different frameworks and lenses.

THE HOUSE MODEL

The first framework is that of the ‘house model’¹, which can be used to decode human systems and understand how they build and perpetuate power. Figure 1 shows Positive Money’s house model of the UK financial system. At each layer, we unpack how the financial system both serves and is shaped by wider systemic forces. These layers prop up the roof of the house, which are the outcomes the system has upon the world.

¹We draw on the work of the New Economy Organisers Network (NEON), who were “inspired” to do this by the Montpelerin Society - the group of intellectuals who developed and propagated the ideology of neoliberalism. They developed a clear worldview (or ideology) and could then go on to push this through think tanks, academia, the media and eventually governments.

FIGURE 1: Positive Money House Model

Outcomes

The impact of the system on the world

- Indebtedness
- Financialised economy
- Climate and ecological crises
- Housing crisis including bubbles
- Rapid rise in inequalities including: wealth, income, racial, gender, generational, geographical, global (north and south)

Priorities

The things the system makes important

- Investor and short-term profit maximization
- GDP Growth
- Private capital and wealth over public wealth and social values

Narrative

The narrative(s) which gives the system cultural strength

- There is no alternative
- Rich are wealth creators for everyone (trickle down)
- Money is scarce, those who have it, have it as a result of hard work
- Racial oppression, gender inequality, wealth and income inequality are issues of the past
- UK economy needs big finance/City of London

Pillars of Power

Power bases that sustain the system

Government,
Bank of
England,
and regulators

Financial
markets,
private
banks, capital
markets, card
companies

Media

Education elites
including
mainstream
academic
economics

Multilateral
financial
institutions
including IMF,
and
World Bank

Principles

The principles that put the values into practice

- Free markets are neutral and efficient
- A large and dominant financial sector is a sign of economic success
- Meritocracy determines wealth and social standing in society
- Technological change will always improve living standards for the majority of people and automated processes driven by data are fair and do not discriminate

Values

The beliefs that motivate this interest group

- Hierarchy including patriarchy and white supremacy
- Competition
- Individualism

Interests

The interests the system serves

- 1%
- Elites
- Asset owners (financial assets, land)
- Global corporations

The foundations of the house look at the **interests** the financial system serves, which we believe include the asset-wealthy, global corporations, and those who hold most financial and political power in society—often referred to as ‘the 1%’. The financial system has served to create wealth for these groups at the expense of the rest of society. The **values** that motivate these interest groups include competition, individualism, and hierarchy, including patriarchy and white supremacy. We see the financial system as maintaining and supporting structures of oppression

(see Box 1) through the ideological **principles** which translate values into practice—for instance, the idea that meritocracy determines wealth and social standing in society. Then we look at key **pillars of power**: institutions that maintain the status quo, including government and media. We then look at the **narratives** that perpetuate the model and the **priorities** they support. Finally, the roof of the house lists the **outcomes** the financial system has on the world.

Box 1: Structures of oppression within money and banking

Structures of oppression are deeply rooted historical inequities in society. They can be both visible and invisible, and cut across many dimensions of race, class, gender, sexuality and other group identities. They permeate at different levels within individuals, institutions, and society at large. Our contemporary financial system is not isolated from these patterns of oppression. For example, the 2008 financial crisis saw black and ethnic minorities and poor communities disproportionately impacted through the loss of their livelihoods and homes.² The financial system, far from being neutral, tends to reproduce and benefit from structural inequalities that are ingrained in society.

The Bank of England’s policy committees have the power to make important decisions about our economy that impact people’s lives. However, their members come from a narrow range of backgrounds—often the financial sector itself—and their decisions have frequently placed the interests of the financial sector above all others, reinforcing the structural inequalities in our society. There is an urgent need to ensure the voices of disadvantaged groups and broader civil society are represented in the decision-making processes of all the most powerful institutions in our society, including the Bank of England.

At Positive Money, we recognise that organisations in the third sector must also improve their internal processes and collective understanding, or we risk perpetuating systems of oppression instead of reforming them. We have begun to explore and analyse the racialised roots of our financial system through a series of blog pieces³ and events, including a webinar in 2020 on ‘how racism built our money and banking system’. We are also doing internal work to challenge ourselves and develop our understanding of these issues. We aim to increase the diversity of our team, the people we platform, and the people who make up our wider movement. We use different tools to tackle power and privilege, and have integrated this thinking into our high level strategy. We aim to be an ally to all those who face, or struggle against, structures of oppression.

² Paul Fisher and Alita Nandi, “Poverty across ethnic groups through recession and austerity. Joseph Rowntree Foundations, 30 March 2015.

<https://www.jrf.org.uk/report/poverty-across-ethnic-groups-through-recession-and-austerity>
Gillian White, “The Recession’s Racial Slant”, The Atlantic, 24 June 2015.

<https://www.theatlantic.com/business/archive/2015/06/black-recession-housing-race/396725/>

³ Positive Money, “Exploring Banking, Race and Colonialism Blog Series” <https://positivemoney.org/about/exploring-banking-race-and-colonialism-blog-series/>

Weakening any of these layers makes the house less stable, and less able to maintain the outcomes at the top. This model therefore helps us to think through the different elements of the system we aim to reform, and with which we can engage.

Many problematic beliefs within this model have been centuries in the making and are layered on top of other problematic narratives and stories. A significant body of research⁴ has documented how the dominance of free market ideologies has evolved, showing that philanthropy funded the development and dissemination of these ideas for decades.⁵ Margaret Thatcher and Ronald Reagan were fully committed to this agenda, and their electoral success in the late 70s and 80s allowed them to put the set of ideologies commonly known as ‘neoliberalism’ into practice.

MAPPING THE UK’S FINANCIAL SECTOR

One major outcome of the Thatcher-led government in the UK was a huge deregulation of the financial sector and the so-called ‘Big Bang’ of finance in the 1980s.⁶ This accelerated the path to a financialised UK economy and credit boom that led directly to the 2008 crash. Over time the narratives shown in the house model, such as ‘the rich are wealth creators for everyone’, seeped deep into public consciousness, and neoliberal ideas took root as cultural hegemony.

This explosion of finance, credit, and debt laid the shaky foundations for the UK financial system and wider economy we have today. The map in Figure 2 is a simplified overview of our financial

system, with key institutions and flows of funds between them.⁷ The financial sector includes commercial banks and financial markets, which include a range of non-bank financial firms such as pension funds, insurance companies and investment funds. These non-bank financial firms trade in securities and assets such as bonds, stocks, and currencies. The Bank of England operates at the center of the UK’s financial system, and is tightly connected with the Treasury and financial regulators (e.g. the Financial Conduct Authority). The remainder of the map shows the real economy with public services, the business sector, households and property. As shown in the map, the financial sector dominates the real economy through the flow of funds.

⁴ George Monbiot, “Neoliberalism – the ideology at the root of all our problems”, The Guardian, 15 April 2016. <https://www.theguardian.com/books/2016/apr/15/neoliberalism-ideology-problem-george-monbiot>

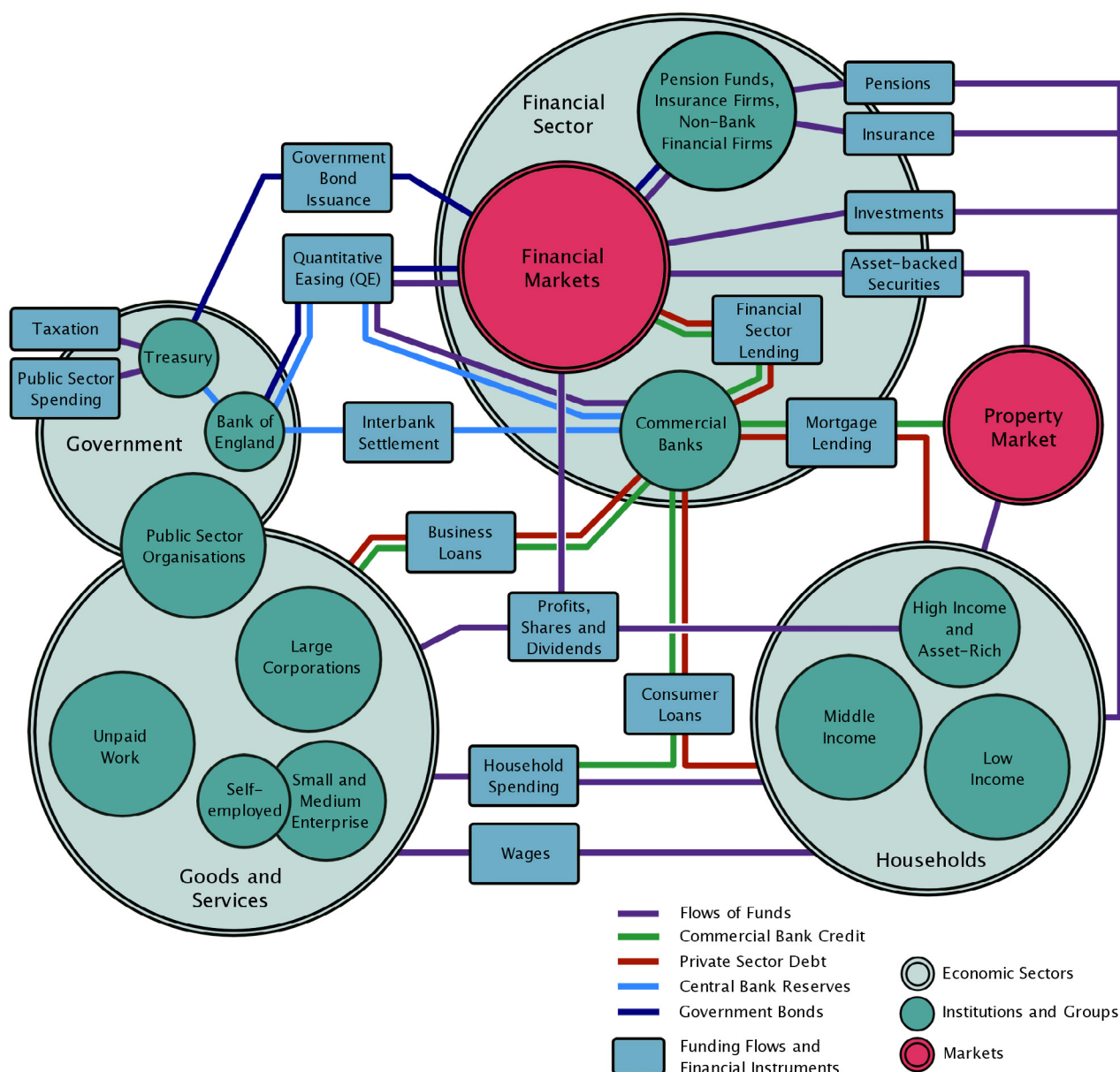
Jonathan D. Ostry, Prakash Loungani, and Davide Furceri, “Neoliberalism: Oversold?”, Finance & Development, IMF, June 2016, Vol. 53, No. 2. <https://www.imf.org/external/pubs/ft/fandd/2016/06/ostry.htm>

⁵ Through think tanks such as the Heritage Foundation, the American Enterprise Institute, and the Cato Institute in the US; and the Institute of Economic Affairs, the Adam Smith Institute, and the Centre for Policy Studies in the UK.

⁶ Jamie Robertson, “How the Big Bang changed the City of London for ever”, BBC News, 27 October 2016. <https://www.bbc.co.uk/news/business-37751599>

⁷ We don’t intend this to be a full or complete map or description of the financial system. It is a simplified model to indicate the context for our work, and how the current system operates. The relative sizes of the sectors and groups are purely illustrative, and do not reflect financial or economic data.

Figure 2: Map of the UK's financial system



A key dynamic of the UK's finance sector is the extent to which it drives and depends on rising asset prices. Since the 1990s, banks have consistently allocated 40% to 50% of lending for mortgages.⁸ The injection of this new purchasing power pushes up house prices and inflates the property market. In 2018, a full 50% of outstanding bank loans were mortgages.

Lending to non-financial firms remained comparatively low over the same period, averaging about 20%.⁹ Banks also favour large corporations over small and medium enterprises (SMEs) for business loans. The most positive and genuinely productive aspects of the economy, such as small businesses, communities, and efforts to green our economy, receive substantially less credit. Therefore government spending is a crucial source of funds to the 'real,' non-financial economy.

⁸ Konstantin Bikas, "How has bank lending fared since the crisis?" Positive Money, 15 June 2018.

<https://positivemoney.org/2018/06/how-has-bank-lending-fared-since-the-crisis/>

⁹ Bank of England, Monetary Financial Institutions (MFI) data.

<https://www.bankofengland.co.uk/boeapps/database/BankStats.asp?Travel=Nlx>

The picture is very different for lending to the financial sector, which was just 13% in 1990, but peaked at 35%¹⁰ before the global financial crisis in 2008, and has remained at high levels. Our economy has become much more financialised and unequal. UK bank balances are the largest in the world, 4.5¹¹ times bigger than the UK's entire national income, indicating the financial sector greatly overshadows the real economy. Since the global financial crash, the Bank of England has carried out a Quantitative Easing (QE)¹² programme, supporting financial markets by creating new money and purchasing (mostly) government bonds from non-bank financial firms, such as pension funds. At the same time, the government pursued austerity and scaled back redistributive fiscal policy, which caused all of this new money to end up stuck in financial markets. As a result, the richest 10% of households saw their wealth increase by approximately £350,000 each after the first £375 billion of QE.¹³

At the same time, the financial sector is responsible for fuelling the climate crisis. The world's top 60 banks have provided £3.8 trillion in funding for fossil fuel companies since the Paris Climate deal in 2015, with UK banks the worst in Europe for this.¹⁴ Climate change is now accepted as a key source of financial risk and price instability by central banks, regulators and supervisors globally.¹⁵ Positive Money has been at the forefront of campaigning for the Bank of England and the government to use their considerable powers and resources to take a more proactive, market-shaping approach to the climate and ecological crises, in order to stop the flow of finance to fossil fuels and direct investment towards greener alternatives. Working with partners, we successfully campaigned for the Treasury to update the Bank of England's mandate to support a fair transition to a zero-carbon economy, and to green the Bank's monetary policy operations.¹⁶ This is an important step in our mission to reform and align the money and banking system with a sustainable economy.

In the last year, the response to COVID-19 has involved huge levels of government intervention. This has shown that states can act in ways considered impossible by the prevailing political consensus in the UK in recent years, taking major action to support society's needs. **However, so far the response has in fact reinforced the existing financial system and its inequalities, rather than challenging them.**

¹⁰ Bank of England, Monetary Financial Institutions (MFI) data.
<https://www.bankofengland.co.uk/boeapps/database/BankStats.asp?Travel=Nlx>

¹¹ Institution for Public Policy Research (IPPR), "Is the UK's outsized financial sector worth it?", Blog post, 12 April 2017
<https://www.ippr.org/blog/is-the-uk-s-outsized-financial-sector-worth-it>

¹² Since 2009, the Bank of England has conducted £895 billion of QE.
<https://www.bankofengland.co.uk/monetary-policy/quantitative-easing>

¹³ Fran Boait, "The Bank of England's monetary policy has made inequality worse – this is how to solve it", The Independent, 10 April 2018.
<https://www.independent.co.uk/voices/quantitative-easing-bank-england-inequality-financial-crisis-how-solve-it-a8297926.html>

¹⁴ Rainforest Action Network, "Banking on Climate Chaos: Fossil Fuel Finance Report 2021".
<https://www.ran.org/bankingonclimatechaos2021/#downloads-panel>

¹⁵ Patrick Bolton, Morgan Despres, Luiz Da Silva, Frederic Samama and Romain Svartzman, "Central banking and financial stability in the age of climate change", Bank of International Settlements (BIS), January 2020. <https://www.bis.org/publ/othp31.htm>

¹⁶ Rozi Janes, "Bank of England instructed to align monetary policy with net zero target", Financial Reporter, 4 March 2021.
<https://www.financialreporter.co.uk/finance-news/bank-of-england-instructed-to-align-monetary-policy-with-net-zero-target.html>

- In 2020, the government chose to rely on commercial banks to extend emergency assistance to businesses. Instead of adequately serving struggling businesses, the banks requested excessively high interest rates and personal guarantees on state-guaranteed emergency loans in the early stages of the pandemic, allowing them to capture future streams of income at the expense of the public and the real economy.¹⁷ This is financialisation in action.
- We have also seen governments spending more on outsourcing and funding large corporates, often with ties to ministers; this is neoliberalism and cronyism in action.¹⁸
- In addition, the government's Covid Corporate Financing Facility (CCFF) extended billions in funding at favourable terms to large corporations with poor social and environmental track records, while small businesses were forced to take out higher interest loans from commercial banks to weather the Covid storm. Positive Money has highlighted this through successfully campaigning for more accountability and transparency over these loans.
- Finally, the government has continued to use QE to implicitly finance government spending. QE continues to exacerbate asset inequality, as described above.

The result is an economy starved of the financing and funding it requires to meet society's needs, and burdened by excessive build-up of private debt relative to the size of the economy, sowing the seeds for future financial crises.

Political shifts in recent years and the pandemic have combined to shake the foundations of the neoliberal status quo, and there is increasingly widespread awareness that the economy does not work for the majority of people. We are thus already living in a period of flux and paradigm shift. Significant and unprecedented changes in monetary policy and economic thinking, such as de facto direct monetary financing—which Positive Money has long advocated for¹⁹—have already taken place. Our work has also brought about major strides towards aligning central banks with the Paris climate goals. These successes show the value of our work intervening at a systemic level.

Despite this, without a continued strong civil society effort to steer this moment in a progressive direction, we may simply see neoliberalism adapted for a new age, continuing to prop up existing power relations rather than challenge them, and taking us back to business as usual. Now is a critical time for Positive Money and our partners to push for the changes we need to bring about a better world.

¹⁷ David Byers, "Coronavirus: Rishi Sunak warns banks not to cash in on businesses asking for emergency loans", The Times, 26 March 2020. <https://www.thetimes.co.uk/article/coronavirus-rishi-sunak-warns-banks-not-to-cash-in-on-businesses-asking-for-emergency-loans-6lxx5523c>

¹⁸ David Pegg, Felicity Lawrence and David Conn, "PPE suppliers with political ties given 'high-priority' status", The Guardian, 18 November 2020. <https://www.theguardian.com/politics/2020/nov/18/ppe-suppliers-with-political-ties-given-high-priority-status-report-reveals>

¹⁹ Chris Giles and Philip Georgiadis "Bank of England to directly finance UK government's extra spending" Financial Times, 9 April 2020 <https://www.ft.com/content/664c575b-0f54-44e5-ab78-2fd30ef213cb>

PART 2

Our Response



OUR RESPONSE

How civil society responds to systemic failures over the next decade will be crucial for determining whether we can change course away from the current system's harmful outcomes.

These outcomes include climate change, ecological breakdown, accelerating inequalities, and a broken economy that prioritises the narrow interests of elites over those of the majority of people, and those of the planet.

We draw on the work of Donella Meadows, whose analysis shows how there are different points to intervene in a system that can have a greater or lesser impact. Her paper, *Leverage Points*,²⁰ looks at 12 different levels. The highest place to intervene is the mindset or paradigm out of which the system—its goals, rules, culture, and power structure—arises. Work at this level is crucial to undermine some of the most damaging ideas and wider narratives that have taken root. Black Lives Matter has been one of the most successful mindset-changing movements of recent times and led to a wider awakening that systemic and structural racism exists.

In the money and banking system a mindset change is also required so that money is seen as a tool that serves the public interest. Money is a technological innovation, like the wheel or the internet, and should be used democratically to make our lives better—not as a means of oppression and wealth extraction by the powerful.

²⁰ Donella Meadows, "Leverage Points: Places to Intervene in a System", 1999.
<http://donellameadows.org/archives/leverage-points-places-to-intervene-in-a-system/> [economic data](#)

Problematic concepts here include the belief that money is a scarce resource, which in turn gives power to those with money. These concepts result in fundamental misconceptions about national economic policy making, such as seeing the government budget as comparable to a household or business budget, and seeing private debt as invariably a solution, and public debt as invariably a problem.

The goals of the system, which determine what the design of the system is geared towards, is another high point of leverage.

For example, our movement's recent success in changing the Bank of England's mandate to include a climate goal opens up a huge amount of potential to align the wider system towards sustainability.²¹

One of the most damaging goals of our economy is the endless pursuit of GDP growth. Not only does focusing on GDP growth put unsustainable pressure on the environment, it is not delivering economic progress, and fails on its promises of increasing life satisfaction and alleviating poverty.²²

Furthermore, in the height of the pandemic, 80% of the UK public wanted the government to prioritise health and wellbeing over GDP growth,²³ clearly showing a strong democratic basis for ending the pursuit of GDP growth at any cost. If our economy is geared towards a goal that fails to deliver what society actually needs, we need to switch the goal. To get our economy to deliver better social and environmental outcomes, we need to target them directly, instead of hoping they can 'trickle down' from higher growth.

Another powerful leverage point is looking at the system's structure (e.g. its ownership and design). Much of the money and banking infrastructure is owned by private corporations who have a built-in incentive to extract economic rent through monopolisation. Providing a universally accessible digital means of payment as a public service would give communities and businesses a safe and efficient way to make payments whilst reducing the power of big finance. Diversifying the ownership, mission and governance of our banking sector will also be key in building a new system structure that meets the needs of society.

²¹ The Chancellor in the March 2021 budget, updated the Bank of England's Monetary Policy Committee mandate to "reflect the importance of environmental sustainability and the transition to net zero." Jess Shankleman and Lucy Meakin, "Bank of England Gets New Mandate to Drive Net-Zero Goals", Bloomberg Green, 3 March 2021. <https://www.bloomberg.com/news/articles/2021-03-03/bank-of-england-gets-new-mandate-to-drive-net-zero-goals>

²² David Barnes and Fran Boait, "The Tragedy of Growth", Positive Money, May 2020. <https://positivemoney.org/publications/tragedy-of-growth/>

²³ Simon Youel, "New polling: only 12% want UK to prioritise economic growth over wellbeing", Positive Money, 11 May 2020. <https://positivemoney.org/2020/05/new-polling-only-12-want-uk-to-prioritise-economic-growth-over-wellbeing/>

The lowest points of leverage in the system include changing constants or the sizes of buffers.²⁴ For the financial system, this may mean ending bankers' bonuses or capping dividends. Increasing capital requirements can be thought of as an increase in the size of the buffer. Whilst these are all important and useful changes, they can easily be undone and will not be transformational, falling far short of creating the new money and banking system we need.

²⁴ Buffers refer to stocks that provide stability in a system but the degree of stability depends on the inflows/outflows to the buffer. Inflows increase the buffer and outflows reduce it. For example, capital requirements for banks to hold liquidity against lending was lax in the lead up to the financial crisis of 2008 - the inflow was too low and reduced the size of capital buffers once the crisis hit. Constants are the lowest leverage point. They are easily perceived parameters such as taxes, subsidies and standards. For example, the government sets air quality standards or the minimum wage sets the basic wage a person should expect.
<http://donellameadows.org/archives/leverage-points-places-to-intervene-in-a-system/>



PART 3

Our Priority Areas

OUR PRIORITY AREAS

We work across **four priority areas** that we think have the highest ‘leverage’ and in which we have developed expertise over the past decade. They are also the areas in which we think we are uniquely placed to have sufficient impact in the coming years.



**DEMOCRATISING MONEY
AND BANKING**



**A GREEN AND FAIR
BANK OF ENGLAND**



**A WELL-BEING
ECONOMY**



**NEW ECONOMY
THINKING**

DEMOCRATISING MONEY AND BANKING

Banking and financial services should serve society's needs. Money should be a tool working in the public interest and no longer used to concentrate power and reinforce structures of oppression. The power to create money, both public and private, should be mobilised towards directly funding a fairer and greener economy; to achieve this, monetary and fiscal policy must be better coordinated. The current monetary system relies too heavily on quantitative easing (QE), which channels publicly created money through financial markets rather than directly into the real economy. Instead, we need more direct monetary financing, which would avoid the negative side effects of QE—higher inequality and asset price inflation.²⁵ We also need a more diverse banking system which promotes democratic ownership structures that can better serve the needs of the real economy; this would ensure all communities can access finance, investment flows towards the green transition instead of unsustainable resource extraction, and would reduce inequalities (including wealth, income, racial, gender, geographical, generational, and global). This more diverse banking system includes co-operative and community banks, credit unions, and public investment and savings banks. A public payments system should also be established to provide universal, free and fair access to cash, and provide digital payment and bank account services using a central bank digital currency.²⁶

A GREEN AND FAIR BANK OF ENGLAND

Our central bank wields enormous power, which shapes our economy and society. It must serve the public interest by supporting the transition to a sustainable and more equal economy, rather than prioritising financial markets, inflating asset prices and allowing the private debt burden to grow. The Bank of England must lead the way by rapidly redirecting financial flows away from fossil fuels and towards a fair, green transition. It must also work with the Treasury to develop policy coordination on macroeconomic issues. Positive Money will push for the Bank of England to deliver on its new green mandate and genuinely align its own monetary policy operations and financial policy with environmental sustainability. We will also push for a similar shift in the Bank's operations towards reducing inequality rather than increasing it.

²⁵ Anna Pick, "Quantitative Easing Turbochargers inequality: our evidence to the house of Lords", Positive Money, 11 February 2021. <https://positivemoney.org/2021/02/quantitative-easing-turbochargers-inequality-our-evidence-to-the-house-of-lords/>

²⁶ Konstantin Bikas and Zack Livingstone, "Money we trust", Positive Money. <https://positivemoney.org/money-we-trust/>

A WELL-BEING ECONOMY

Our economy should be designed to support thriving communities and protect the environment. We must reimagine our collective understanding of success, away from GDP growth and stock market booms, and towards things that really matter to and benefit us all, including health, education, and equality. High levels of debt, homelessness, and environmental degradation are all symptoms of an economy geared towards the wrong goals. Covid-19 has highlighted just how dysfunctional the system is, with public health being pitted against the pursuit of economic growth.²⁷

NEW ECONOMY THINKING

We are faced with the systemic challenges of climate change, pandemics, economic crises and soaring inequalities. It's clear that mainstream economic thinking is failing to provide us with effective answers and is not fit for purpose. Embracing complexity and grounding new thinking in the real world will be crucial for moving forward ideas that will help tackle challenges we face in the coming decades. This means embracing a pluralist economics that works in the public interest, bringing in perspectives on racial justice, feminism, class and the environment that are excluded from mainstream economics. We aim to work in partnership with the growing movement of academics, students and policy thinkers globally that are driving greater pluralism in economics.

²⁷ The economy and public health are not mutually exclusive, a society that prioritises public health and wellbeing is one that reinforces positive feedback loops in the economy. See: Medact (16 February 2021). "Health Versus Wealth? UK Economic Policy and Public Health during Covid-19". Medact Research Network. <https://www.medact.org/2021/resources/briefings/health-versus-wealth-uk-economic-policy-and-public-health-during-covid-19/>

PART 4

How We Create Impact



**1**

PRINCIPLES AND CULTURE

We recognise that systems change is difficult and we are aware of the complexity and uncertainty that is present, both within us as individuals and within human-created systems. The culture at Positive Money is a crucial part of how we achieve impact. Our principles of working are open-mindedness, trust, and innovation.

Being **open-minded** means we embrace complexity; we know our work is complex and don't pretend to have all the answers. We also have a positive approach to people who challenge and disagree with us and whom we can ultimately learn from.

Trust underpins our working relationships, internally and externally, where we assume everyone aims to do their best work. We are flexible in our approach: sometimes we work in a hierarchy and sometimes in a flat structure, which also requires trust.

We **innovate** by seizing opportunities and experimenting, not assuming we have the right approach from the outset, but learning all along the way.



PROGRAMME STRATEGIES

Our three programmes of work are research, influencing, and mobilisation. They work in tandem to create maximum impact and achieve policy change. To do this, each programme and each project we undertake is embedded in a strategy for generating change: change in the public conversation, change in what's possible at a technical and policy level, as well as wider systemic change. All our programmes are tied to our core mission to reform money and banking to *build a fair, democratic and sustainable economy*.

Research: providing robust, evidence-based research and clear policy proposals. We highlight the systemic failures of our money and banking system that contribute to highly unequal outcomes and are obstacles to achieving an economic system that prioritises society's well-being and the planet. We critique mainstream economic policies that have enabled an unfair, undemocratic and unsustainable financial system.

Influencing: securing policy changes on a range of money and banking issues. We develop key advocates for different policies among decision-makers and influencers at the highest levels. We seize opportunities to build our credibility in Westminster, Whitehall and the Bank of England, as well as in the mainstream media.

Mobilisation: growing a diverse movement that empowers people to work together to create systemic change in our money and banking system. This is achieved through (i) informing and educating the public about the impacts of our broken system and opportunities to reform it; (ii) building our supporter base, networks, partnerships, resources and reach; (iii) being an active ally to anti-oppression movements and enabling greater diversity within our own; and (iv) mobilising our community of supporters, including fundraising to grow our capacity as a team. This includes partnering with other civil society organisations and our stakeholders to build a collective movement.



INTERNATIONAL WORK

Positive Money has become an international organisation. Our theory of change to reform money and banking has long included an international perspective, due to the globalised nature of finance and capital. We recognise that systemic reform of the financial system will only be possible if we create change across many geographical areas at the same time.

We started an EU-focused campaign in 2015, and built up this activity over time, paving the way for us to successfully set up Positive Money Europe in 2018. The new organisation has gone from strength to strength, shifting the conversation on central banking reform within the Eurozone and the European Central Bank (ECB) from a fringe topic to a subject discussed by European leaders, prominent MEPs, and ECB Presidents past and present.

In 2021 we will expand further to establish a US presence. The Federal Reserve is accelerating its commitment on climate after years of being behind other major central banks. Our initial work in the US will focus on supporting the existing coalition of US civil society organisations already working to accelerate progress to a 1.5°C aligned US financial system.

Our approach to international work is for each Positive Money organisation to be autonomous and develop their own strategy, but under a shared vision and mission that aligns at an international level.



WORKING IN COALITION

Positive Money believes that by working together with other civil society organisations we can add up to more than the sum of our parts, and so have much greater impact.

Over the years we have worked with a wide range of partners on many topics:

- In 2018, we combined forces with Stamp Out Poverty, War On Want, Unite, Christian Aid, Jubilee Debt Campaign, Global Justice Now and Rethinking Economics for our '10 Years after the crash' campaign.
- In 2019, we mobilised with We Own It and the New Economics Foundation on a campaign against the government's sell-off of its majority stake in RBS.
- In 2020, we worked with the New Economics Foundation, Greenpeace, the SOAS Centre for Sustainable Finance and E3G on a joint open letter to new Bank of England Governor Andrew Bailey calling on him to accelerate efforts to decarbonise our financial system.
- In 2021, we partnered with SumofUs and 350.org on a joint petition to Andrew Bailey and the Chancellor Rishi Sunak for the Bank to stop funding the climate crisis and to regulate the banks that do.

Across all of these coalition campaigns (and others we have undertaken) we have achieved significant success by collaborating with other organisations and combining our unique strengths and areas of expertise with theirs.

We remain committed to working closely with our key partners and stakeholders in the coming years, in pursuit of our mission to reform money and banking to build a fair, democratic and sustainable economy.



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