

ANNUAL REPORT 2013–2014



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INTRODUCTION



2013-14 was an exciting 12 months for Positive Money. We grew in numbers online, offline, and in the team. We gained high profile support from the FT's Martin Wolf and from Professor Tim Jackson. Policy makers and think tanks are starting to listen to what we have to say. By gaining more support and building a more robust funding model, it seems like we have established ourselves as a force that is around to stay - at least until democratic control and transparency over the creation of money has been restored! None of this would be possible without you. Our success is a combination of everyone involved, whether it's sharing a facebook post, donating each month, organising a film screening, hosting a reading group, watching our videos, writing to your MP, or discussing money creation with a friend.

Fran Boait, Executive Director



Positive Money has had a successful year with more supporters, more volunteers, more income and most importantly more influence. Our message is getting across to more people. The facts about money creation are now set out by the Bank of England which helps us to move the debate on to solutions. All of this has only been possible because of the dedication of many volunteers, the ongoing commitment of many supporters and the inspiration of our talented staff team. Thank you all for your continued support.

Andy Turnbull, Chair of Board of Directors

OUR YEAR, MONTH BY MONTH

JUNE '13

Fran gave a talk at Transition Town Berkhamsted which was attended by over 80 people.

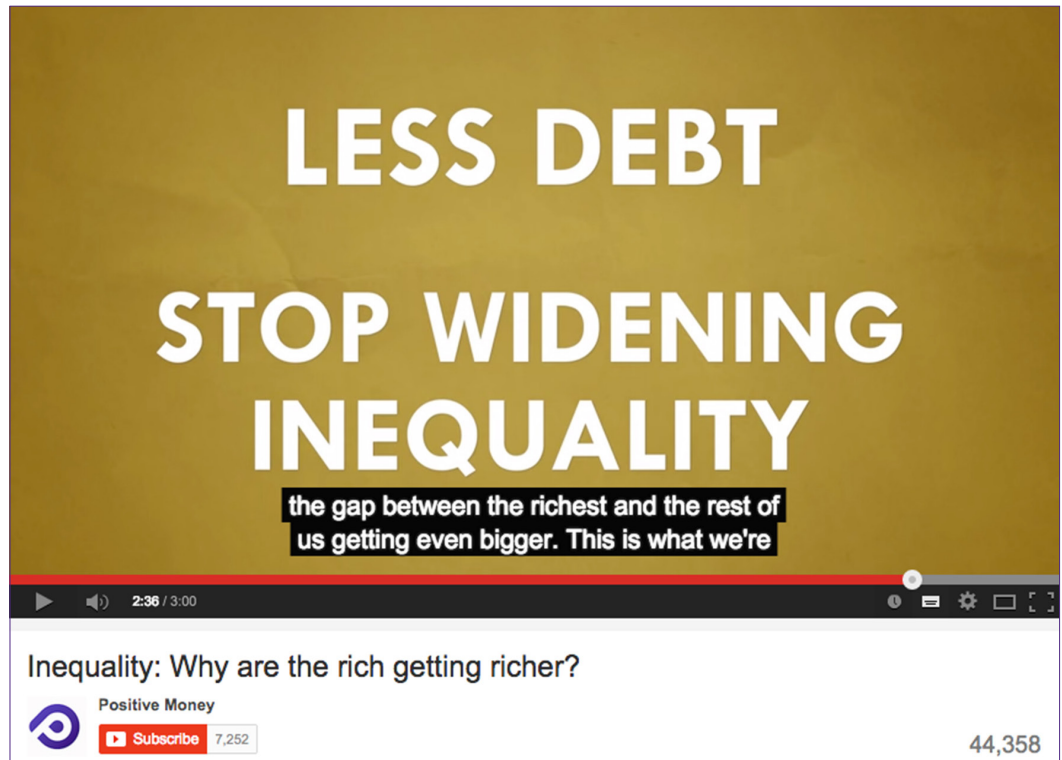
JULY '13

Ben spoke at UNISON's national conference and got union members interested in the links between the monetary system and the social problems we face today.



OUR YEAR, MONTH BY MONTH

AUGUST '13



We launched our Inequality video which has been viewed over 40,000 times. We were thrilled to see it featured on the homepage of Adbusters and Films for Action.

One of our longest-running local groups, Sheffield, kicked off a year of street stalls with The Green Fair and Peace in the Park. Since then, Sheffield Positive Money supporters have been running stalls in the city centre engaging passers-by in a discussion about money, debt, and the economy.

Also in August, Germany's main financial daily Frankfurter Allgemeine published two articles seriously discussing the money reform proposals. On 17th August an article entitled "Do we need a new money system?" was published, detailing how the money is created today by private commercial banks when they make loans and how this new money is destroyed when the loan is repaid. It even contains an illustration entitled "Money from nothing: How banks create money". Another short article on this subject was published on 24th August: "Money that only central bank can create".

OUR YEAR, MONTH BY MONTH

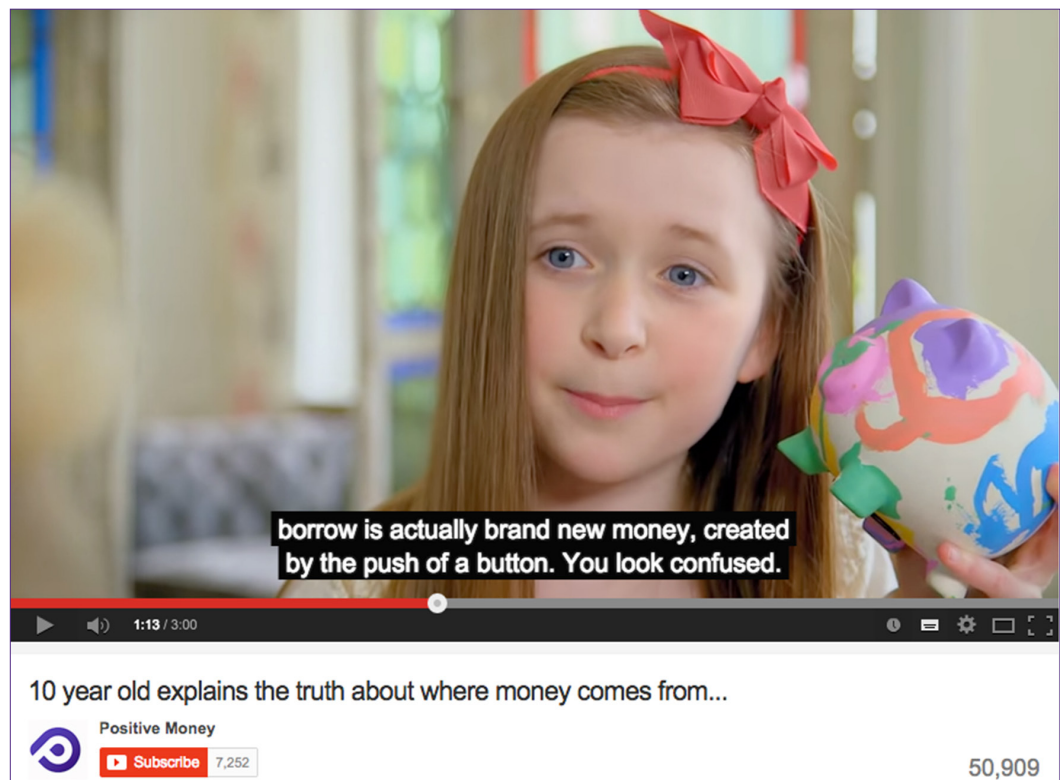
SEPTEMBER '13

Our Head of Research, Andrew Jackson, attended the American Monetary Institute (AMI) Conference in Chicago to meet other economists and give a talk on our new policy paper, *'Sovereign Money: Paving the way to a sustainable recovery'*.

Green Party members were finally successful in getting a motion for money reform passed at their conference in Brighton. Brian Leslie, who has been campaigning on this issue in the Green Party since 1982 said 'It was certainly a huge relief after all these years!'

We launched our video of 10-year old Holly explaining why money is the "missing piece of the puzzle". It has been viewed over 50,000 times.

We found out we were successful in our application to Friends Provident. This gave us our biggest single grant yet at £36,000 over 12 months.



OUR YEAR, MONTH BY MONTH

OCTOBER
'13



Fran's articles appeared in campaigning magazines *STRIKE!* and *STIR* - bringing the discussion to new and politically active people.

The Hackney Positive Money local group was launched with a film screening of the documentary *97% Owned*. Monthly meetups have taken place ever since, with members reading *Modernising Money* together and giving presentations on key issues covered in the book. John and Saija, the coordinators, facilitate discussions, welcome newcomers and field questions.

OUR YEAR, MONTH BY MONTH

NOVEMBER '13

We launched our report *Sovereign Money: Paving the way for a sustainable recovery*, written by Andrew Jackson, at a seminar we co-organised with the New Economics Foundation. Tony Greenham and Josh Ryan-Collins, two of Andrew's co-authors on *Where Does Money Come From?* presented their work on Strategic Quantitative Easing alongside it.



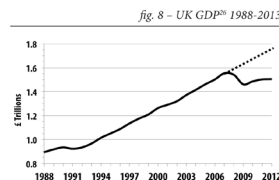
PROSPECTS FOR A SUSTAINABLE RECOVERY

Following the crisis, the risk was not inflation, but rather that lower levels of spending and therefore demand would lead to lower prices (potentially leading to a debt deflation²⁴ process). Deflations tend to be associated with negative economic outcomes for a number of reasons. Perhaps the most important of these is that deflation increases the outstanding real value of both public and private debt. Therefore, from a policy perspective it was important that demand remained at a level that prevented prices from falling.

While a debt deflation was avoided, the policies described earlier failed to lead to a quick recovery (see figure 8). This is perhaps unsurprising, given that the recession was both global in nature and followed a financial crisis. However, even taking these factors into account, the growth in output since the crisis has been lower than would be suggested by looking at similar historical episodes.²⁵

- Second, given future expectations of low demand (due to household deleveraging, austerity and lower levels of demand for exports), businesses are less willing to invest or hire workers (further lowering incomes).
- Third, concerns over the national debt led the government to lower its spending and investment, again lowering private sector incomes.
- Fourth, the international nature of the crisis, along with the problems in the Eurozone, led to a fall in demand in all countries, preventing adjustments via exchange rates (and further lowering incomes). With lower income, deleveraging takes longer to achieve, delaying an increase in employment and a return to growth.

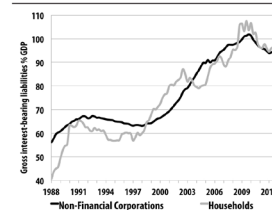
fig. 9 – UK household and non-financial corporate debt as a % of GDP



Source: ONS

The slow recovery was a direct result of both the non-bank private sector (businesses and households) and the public sector attempting to deleverage at the same time. However, the private sector's attempt to reduce its debts was and still is being hindered on four fronts:

- First, following the crisis households lowered their consumption spending in order to focus on repaying debt. Deleveraging requires loan repayments to be made at a faster rate than new loans are taken out. Because loan repayments are the reverse process of money creation, money is being destroyed at a faster rate than new money is being created, lowering spending, nominal demand and income. Lower



Source: ONS

Since the financial crisis the UK private sector has hardly deleveraged at all (see figure 9). Given that the crisis came about in part due to excessive private debt levels, any further increase in private debt is likely to be unsustainable, particularly if it does not lead to an equivalent or greater increase in income. Yet the authorities' response to the crisis has largely revolved around lowering interest rates in an effort to increase private sector borrowing further. If lower rates and other monetary policy measures are successful in increasing investment, then this may reduce the debt-to-income ratio, because the increased output from

OUR YEAR, MONTH BY MONTH

JANUARY '14

We brought Martin Campbell on board to help us develop a strategy to break into the mainstream media. Martin had previously worked for campaign group Move Your Money, and various alternative finance companies.

FEBRUARY '14

Martin's work paid off when Ben met with Guardian economic editor Larry Elliot and was invited to write an article for the Guardian. The article was shared over 2,000 times.

Change to UK's money system could solve our long-term economic problems

If electronic money was created directly by the Bank of England progress would be made, but sparks would inevitably fly

Ben Dyson
theguardian.com, Thursday 6 February 2014 14.53 GMT

 [Jump to comments \(245\)](#)



 Share 1912

 Tweet 207

 +1 66

 Pin it 5

 Share 22

 Email

Article history

Money

Business

Bank of England

MARCH '14

With the scheduled Scottish independence referendum prompting a rare public debate about currency issues, we attempted to get some media coverage by launching a short briefing entitled *A Scottish Currency? 5 Lessons from the Design Flaws of Pound Sterling*. Unfortunately with the political spats between key politicians to cover, the media were not interested in this deeper analysis. While we were disappointed with the results of the media work, we now have a much better understanding of the media and have learnt that they are not a shortcut to the long-term work of educating the public about the issues around money creation.

OUR YEAR, MONTH BY MONTH

MARCH '14 CONTINUED...

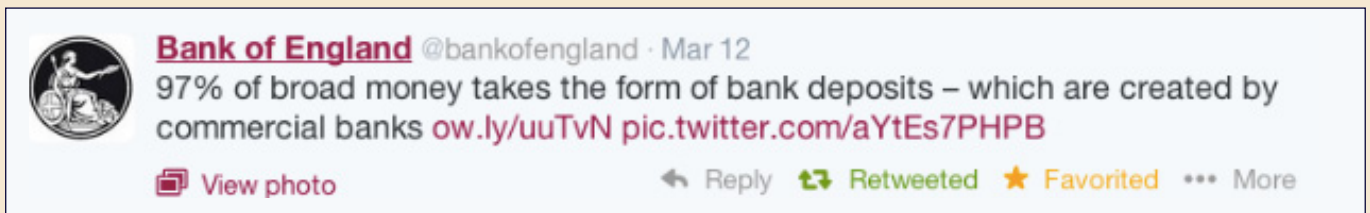
On March 1st we held our 4th annual conference, this time aimed at building a Positive Money community among our supporters. It was hugely successful with 260 attendees, 9 new local groups being launched, and many people sharing their stories on stage about how they became a supporter of Positive Money. Over 30 people attended from outside the UK, including from Portugal, Netherlands, US, Iceland, Sweden, Denmark and France!



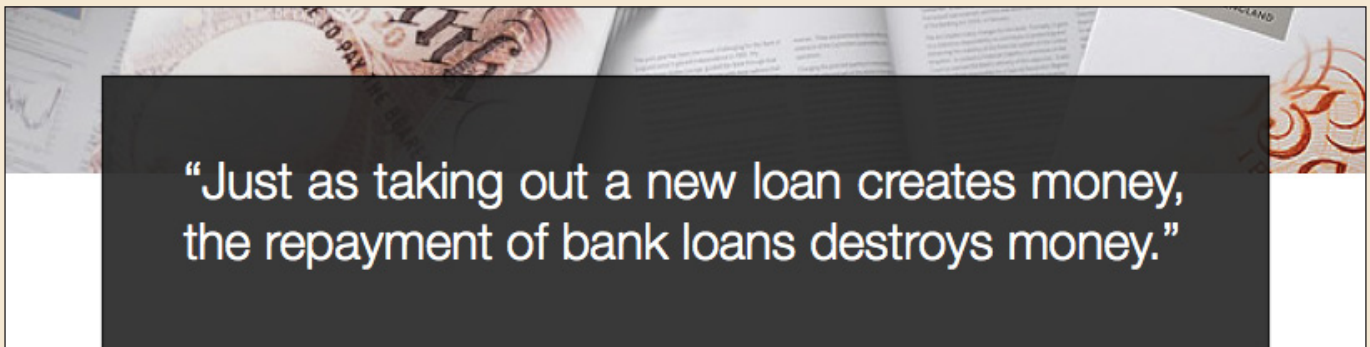
OUR YEAR, MONTH BY MONTH

MARCH '14 CONTINUED...

A huge and unexpected breakthrough was the Bank of England's March 2014 Quarterly Bulletin, which was focussed on money creation. We were delighted to see this quote appear on the Bank of England's Twitter feed:



And this quote in the bulletin:



Finally the Bank of England had provided clear information about the fact that banks create most of the money in the economy. The work we started four years ago with the initial research that led to *Where Does Money Come From?* was now paying off.

At the same time we had the simultaneous sad and happy news that our Head of Research, Andrew Jackson was leaving to do a PhD with Professor Tim Jackson. Coincidentally, it was Tim's book *Prosperity Without Growth* that had led executive director Fran Boait to work at Positive Money.

March also marked the first year anniversary of the Transforming Finance Network: a group of civil society organisations and individuals, committed to changing banking and finance for the better. Relationships have really built trust into the network which is allowing for more and more collaborative work to increase our impact and influence.

OUR YEAR, MONTH BY MONTH

The Irish campaign group [Sensible Money](#) managed to get full reserve banking sovereign money reform as a motion on the Green Party's AGM agenda in March. An amendment to the motion was proposed and it was eventually passed. The amended motion involved having the European Green Party study the proposal for 12 months with the view to implementing it as a pan-European policy.

APRIL 14'

On April 24th Martin Wolf (chief economics commentator at the FT) wrote an article entitled *Strip private banks of their power to create money*, referring directly to *Modernising Money*. A flurry of activity followed. Economics commentators including Paul Krugman, FT Alphaville reporter Izabella Kaminska and Ann Pettifor wrote about the article all putting their points across. Ben followed up with several articles on the blog and with a letter to the FT.

STRIP PRIVATE BANKS OF THEIR POWER TO CREATE MONEY

“Transition to a system in which money creation is separated from financial intermediation would bring **huge advantages.**”



OUR YEAR, MONTH BY MONTH

MAY '14

The Bristol local group have become a powerhouse of ideas and activity this year. Alongside their monthly meetings, members have given talks at local events: most recently Mark spoke at *Express Yourself* at Bristol's Folk House; the group have run several stalls at events around the city and at a festival in Wiltshire called Festival on the Farm.



The Quote @thequote · May 22

The power to create #money should be returned to the people and used in the public interest. - Andrew Jackson , Author% @PositiveMoneyUK

← ↻ 5 ★ 4 ...



NEF Money & Banking @NEFmoney · May 20

@PositiveMoneyUK revealing where money comes from on the @maxkeiser show: rt.com/shows/keiser-r... from 14:45

← ↻ ★ 1 ...

PEOPLE

In summer 2013 we said goodbye to Miriam Morris (Campaign Director) and Neil May (Non-Executive Director). In the autumn 2013 Fran was promoted to become Positive Money's first Executive Director, and with the help of current non-executive directors Andy Turnbull and Ian Tennant, went on to recruit Tony Greenham and Jennifer Tankard to join the Board of Directors. Ben Dyson and Mira Tekelova stayed with the team throughout the year.

In winter 2014 we recruited our research volunteer Frank van Lerven to become our first Supporter Manager. We also contracted Martin Campbell to carry out some media work.

In spring 2014 Head of Research Andrew Jackson took the opportunity to start a full-time PhD with Prof Tim Jackson. Frank van Lerven and volunteer Graham Hodgson continue to support us in our research.

In April we recruited Luuk de Waal Malefijt, co-founder of our Dutch sister organisation "OnsGeld" to undertake website development and other online work. We also started the process of recruiting a Network Coordinator.

We also benefitted from having Charlotte Jackson, a Masters student from Forum for the Future carry out a work placement with us in May.

Additionally the new local groups have taken off, this meant that a huge number of volunteers have been organising meet ups, events and film screenings.



FRAN BOAIT



BEN DYSON



MIRA TEKELOVA



FRANK VAN LERVEN



ANDREW JACKSON



GRAHAM HODGSON



**LUUK DE WAAL
MALEFIJT**



ANDY TURNBULL



DR IAN TENNANT



JENNIFER TANKARD



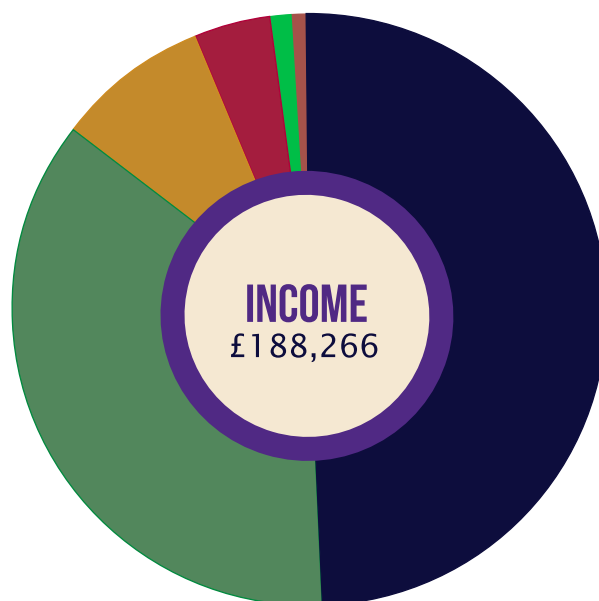
TONY GREENHAM

FINANCIAL SUMMARY

INCOME

Donations	49.6%	£ 93,356
Grants	36%	£ 67,745
Book sales	8.5%	£ 16,074
Events & Conferences	4.1%	£ 7,759
Other Income	1.1%	£ 2,050
Speaking Fees	0.7%	£ 1,282

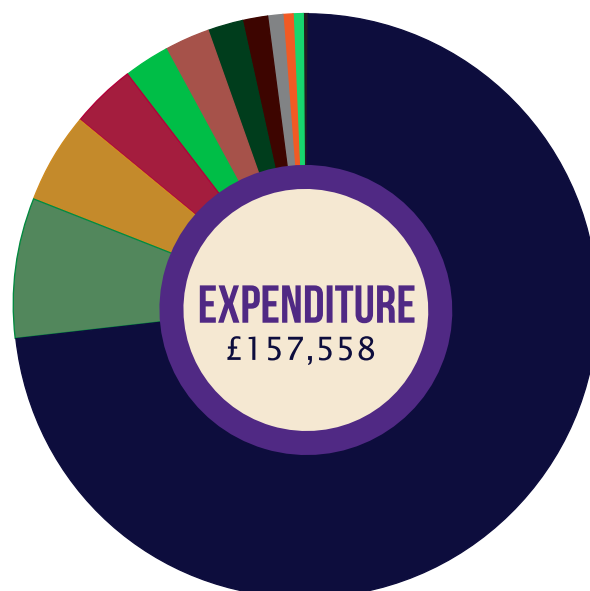
TOTAL INCOME: £ 1 88,266



EXPENDITURE

Employees & Contractors	73.2%	£ 115,441
Book Marketing & Shipping	7.6%	£ 11,918
Rent, Insurance & Office	5.1%	£ 8,111
Events & Conferences	3.6%	£ 5,708
Payment & Donation processing	2.5%	£ 3,951
Online services	2.5%	£ 3,899
Travel	2%	£ 3,220
Other expenses	1.4%	£ 2,205
Printing	0.7%	£ 1,140
Training	0.6%	£ 1,021
Phones & Internet	0.5%	£ 724
Depreciation	0.2%	£ 250

TOTAL EXPENDITURE: £ 1 57,558



FINANCIAL SUMMARY

DONATIONS

We continued to be funded by a wide base of supporters donating on a monthly or one-off basis. We received a total of £93,356 in donations across the year.

By the end of May 2014, a total of 462 people were donating automatically each month by direct debit, standing order or Paypal, donating a total of £5,152 each month. This is up by 146 from last year.

We also sold 1,500 copies of our book *Modernising Money*, and continued to sell copies of *Where Does Money Come From?* (published by the New Economics Foundation and co-authored by Positive Money's Andrew Jackson) through our website and events. Together, book sales generated a profit of just under £10,000.

FUNDING FROM CHARITABLE TRUSTS

Friends Provident are providing Positive Money with funding from their *Towards a resilient economy* programme. The aim of this funding programme is to contribute to a more resilient, fairer and sustainable economics system. The project being funded is for Positive Money to carry out influencing work to try and open a much wider discussion around money creation and monetary policy among civil society, policy makers, and economists.

The R H Southern Trust funds projects that address society's conflict with nature and the present dysfunctional economy. 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 R H Southern Trust supported the establishment of Positive Money in 2010 and have provided funding and support for Positive Money on an ongoing basis. In March 2014 the Trust matched donations for our Network Coordinator position.

The James Gibb Stuart Trust continues to support Positive Money's educational work.

EXPENDITURE

We still run a tight ship at Positive Money, with salaries much lower than the average for the not-for-profit sector, and we work from a small office with low rent.

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PositiveMoney 

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