Re-thinking our monetary system: Bay Bucks and the New Economy

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Where We Are Now
“Government-enforced monopoly of a single type of currency, created by banks through loans attached to positive interest rates, and naturally or artificially kept scarce.”

--- Bernard Lietaer

“What is the Problem with our Current Money System?”
“Today’s national and supranational currencies have become a blight on this planet. Created through interest-bearing debt, controlled by financial elites, tracked by the surveillance state, and necessitating endless growth, money as we know it is a primary agent of inequality, injustice, and ecocide.”

— -- The Next Step for Digital Currency
• Is the root of our present day evils.

• Until we face up to it and create a new kind of money, we cannot succeed in creating a new economy.
Economic Justice: How to Get There

Promoting a healthier monetary system requires the use of three different kinds of currencies alongside our national currencies:

• (1) an inflation-proof **global** complementary currency designed to stabilize the world economy

• (2) **business-to-business** currencies designed to counteract the effects of conventional money shortages during periods of economic crises and contraction

• (3) **community currencies** that address a variety of social problems and strengthen the fabric of society.

--- Bernard Lietaer

“What is the Problem with our Current Money System?”
New Kinds of Money

- Irish banking strike in the 70s
- Swiss WIR
- California in 2008

- There is nothing inevitable or enduring about the money we use today. It has and can change in an instant. The trick is how to smoothly transition away from it.
What are WIR and Bay Bucks?

• Both are **regional Business-to-Business** currencies designed to counteract the effects of conventional money shortages during periods of economic crises and contraction.

• Bay Bucks is based on the proven Swiss WIR model.

• Mutual credit systems.
Bay Bucks is a better means of exchange

- **No scarcity**: Members of Bay Bucks have the ability to create money when they need it.
- **No interest**: No transfer of wealth from poor to rich.
- **No hoarding**: Designed to flow. Most profitable strategy is to keep net balance close to zero.
- **Non-inflationary**: Every buck created is backed by the creator’s own products and/or services.
- **Collaborative**: Businesses help each other move their excess inventory, and save costs.
- **Local**: Makes buying local good for the bottom line.
How does it work?

A typical business would have cash income and expenses. The difference between them is the cash profit.
How Bay Bucks Increases Business’ Cash Profits

When a business uses incremental Bay Bucks income to offset some of its cash expenses, it enjoys an increase in cash profits.

<table>
<thead>
<tr>
<th>Without Bay Bucks</th>
<th>With Bay Bucks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unsold Cash Income</td>
<td>Bay Bucks Income</td>
</tr>
<tr>
<td>Lost Profit Cash Expenses</td>
<td>Increased Cash Profit</td>
</tr>
</tbody>
</table>

Bay Bucks Income is:
- New Sales
- New Contracts
- New Customers
- Optimized capacity
- Your competitors’ Sales

Money Designed For A New Economy
# Before & After Bay Bucks

**Assuming 50% Gross Profit Margin (for hard goods)**

<table>
<thead>
<tr>
<th>Numbers</th>
<th>Before</th>
<th>After</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash sales</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Additional sales in Bay Bucks</td>
<td>$0</td>
<td>$160,000</td>
</tr>
<tr>
<td>Total Sales</td>
<td>$1,000,000</td>
<td>$1,160,000</td>
</tr>
<tr>
<td>Cost of Goods Sold (50%)</td>
<td>$500,000</td>
<td>$580,000</td>
</tr>
<tr>
<td>Gross Profit Margin (50%)</td>
<td>$500,000</td>
<td>$580,000</td>
</tr>
<tr>
<td>Cash Fixed Costs (rent, etc)</td>
<td>$225,000</td>
<td>$225,000</td>
</tr>
<tr>
<td>Cash Variable Costs (raw materials, etc)</td>
<td>$225,000</td>
<td>$65,000</td>
</tr>
<tr>
<td>Bay Bucks Variable Costs (offsets cash variable costs)</td>
<td>$0</td>
<td>$160,000</td>
</tr>
<tr>
<td>Trade Fees</td>
<td>$0</td>
<td>$19,200</td>
</tr>
<tr>
<td>Total Expenses</td>
<td>$450,000</td>
<td>$469,200</td>
</tr>
<tr>
<td><strong>Net Profit</strong></td>
<td>$50,000</td>
<td>$110,800</td>
</tr>
<tr>
<td><strong>Net Profit Margin</strong></td>
<td>5%</td>
<td>10%</td>
</tr>
</tbody>
</table>
What are its impacts?

• Counteract the financial crises unleashed by Wall Street.
• Enable local businesses to continue operating during downturn.
• Enable re-localization of the economy.
• By changing our money, we lay the groundwork for a new shared prosperity.
Why Regional?

• Grew out of Transition San Francisco
• People live and work in different cities.
• Need the North Bay for agriculture, and the South Bay for manufacturing.
• Hence we staked out the bioregion within ~100 mile radius as an achievable sustainable region.
• If we want a new economy, we must create it ourselves.
We cannot do this alone.

No one. Does. Anything. ALONE.
Seeking Partnerships

• Help bring Bay Bucks to your neck of the woods!
• Santa Cruz & Santa Rosa:
  – We provide:
    • Backend software
    • Training
    • Tech support
    • Marketing support
  – You do:
    • Local outreach
    • User support
    • Local spokesperson
Thank you!

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