P2P Gift Credit Cards.

- It's about creating money democratically through the technology of credit cards.

- It's not an alternative currency; it's proper counterfeited virtual money (in sterling / pound).

- It’s an experiment and a visionary provocation. Art with potential practical outcomes.

Why this project.

- We need a new design for money.

- We need to distribute this new money equally.

-We need to control democratically the amount of money and inflation inside our communities.

- We need to engage people in this process through a viral attractive creation and regulation of our money.

The idea:

The project turns tools of the modern financial systems to fair use.

Mainly the project exploits in a good way:
-Financial instruments (the Fractional Reserve Banking).
- Credit card infrastructures (the VISA networks).
- Present currencies (the Pound Sterling).

This is all for taking back issuing power from private financial industries and restoring it to the commons.

Killer features:
- Anyone can issue money by an email account or cell number. Special authorizations/devices/skills/power are not needed to issue money, which means that it’s a very democratic model.

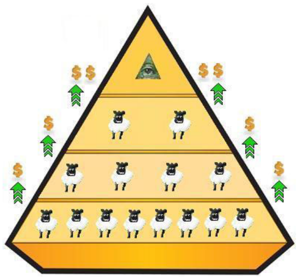
- The money issued is in a currency that is recognized by most of the world. And the credit card numbers are readable by present machines and platforms.

The P2P concept:

- It's about generating money for communities of individuals and social groups interconnected through a network.
Hence money is generated by a Peer to Peer model in a network of people, each person of the network can generate money for the other persons of the network.

- Each peer, that generates money, increases the size of the network. This builds a network/community of people that generate money virally. Each person of the community has an amount of money based on the number of social connections.
This encourages people to expand their relations and communities.

Pyramid Scheme
(present financial model)



Peer to Peer Scheme
(alternative p2p model)

The P2P Gift Credit Card Technology:

- The credit card technology is the tool that allows the creation of money, the indexing of the accounts, and the transactions of money by platforms, software and machines that read credit cards all over the world.

- These credit card numbers have the specification ISO/IEC 7812 which is standard for bankcard numbering, and they are technologically capable of satisfying the international credit card circuit check for transactions.

- The credit card numbers are generated through the Luhn algorithm in which formula is used to validate a variety of identification numbers.

- The Issuer Identification Number (first six digits of any credit card) is 4007 99 for all the cards issued. In accordance with many IIN databases, the prefix 4007 99 was free and available. Now it became the IIN of the P2P Gift Credit Cards.

The money issued through the P2P Gift Credit Cards:

- P2P Gift Credit Cards are issued by the Basic Credit Network - www.P2PGiftCredit.com
a new not-for-profit independent monetary organization - that has the ability to create gift credit and distribute it through a grant program called Global Basic Credit.

- The money issued is in the form of credit, however, without interests and obligations.

- The grant of Global Basic Credit is £100 for each new peer.
Anyone can get and create money by issuing P2P Gift Credit Card numbers for their peers.

- The Global Basic Credit is unconditionally granted to everybody without requirements and is based on common ownership of the wealth generated by society.
It is a form of "Basic income guarantee"

- This model is called Gift Finance.
A new not-for-profit economic and financial model.
It comes from the idea that the power to create virtual money with a multiplier effect should be restored to the people, and regulated by democratic participation.

Final steps of the project:

- By having a unique P2P Gift Credit Card number, the users are enabled to trade and transfer money thanks to the indexing of the credit cards and related accounts. They are already thousands.

- Initially the members of the community will trade with the virtual money of Basic Credit Network inside its community, since they all relay and trust on the same mean of trade: their money on their Basic Credit Network accounts.

- Finally, when the amount of members of Basic Credit Network will reach a critical mass, the money issued through Basic Gift Credit will replace/renovate the money issued by ordinary banks, and then it can be entitled to be used everywhere and with everyone, just as any kind of money used with conventional credit cards.

- So far the cards work as proof of credit and as a device of trading inside the community of the P2P Gift Credit. To use use them in the normal shops or cash machines, it needs that the project will be authorized by the monetary governmental institutions, which can happen if there is a critical mass of users of the cards big enough to ask such a change in the instruments for issuing money. Or if the users of the alternative trading of the Gift Credit becomes big, the current economy will have to adapt to it, just because of the economic rule of demand.

- The user can consider the money on your card as available in a parallel market place, at least until it will be considered official, real virtual money.
For instance, for amazon.com the card works
but it's empty of the money that they accept so far.

P2P Gift Credit Cards project purposes:

The project uses two different languages for two different target audiences:

1) The first language is the depiction of the marketing of credit card businesses, which communicates the project as a credible official common credit card with fantastic promotional features. This language is used to attract a type of audience, which is usually victim of the deceptive marketing of the credit card industry (such as university students, the unemployed and people with low incomes). After being attracted by the easy money and credit cards, this target is being informed about critical finance issues.

2) The second language is the direct explanation of the alternative financial model. This language is used to attract a type of savvy audience interested in digital technologies for better economic means.

In general the aims of the project are:

- Using Visa credit cards as a paradigm of unfair use of financial credit/debt exploitation.
At the same time turning the present technology to a fair use for the common.

- Increasing awareness about global credit and debt dangers that have been generated
during this recent so-called global recession,
as well as issues related to the creation of money.

- Underlining the consequences of private speculative lending institutions and explaining
how they often determine economic crises due to the deregulated creation of credit.

- Bringing "Basic Income" (as a form of universal, guaranteed, minimum income)
to public attention as well as the inequities of current patterns
of the redistribution of wealth into question.

The Gift Finance model:

" The process by which banks create money is so simple that the mind is repelled. Where something so important is involved a deeper mystery seems only decent "
JK Galbraith.

Nowadays banks are licensed to create money out of nothing by lending sums that they don't have in their deposits. They do this by the "Fractional Reserve Banking" system. They issue virtual money with a multiplier effect.

P2P Gift Finance comes from the idea that the power to create virtual money with a multiplier effect should be restored to the people, and regulated by democratic participation. The perpetual creation of money is indeed needed to facilitate the distribution of wealth, however, since there is a private monopoly on the monetary system, it is unlikely to ever be fair.

The P2P Gift Economy grants people the opportunity to issue money independently and share the prosperity that this free flux of money will provide to society. The P2P Gift Finance guarantees a dividend of the wealth created for all by being part of a community, it brings wealth back into common ownership. It's a form of democratic redistribution of wealth and relies on the direct participation of the individual.

Banks' money is in total 98% of credit and 2% in cash of actual deposit.

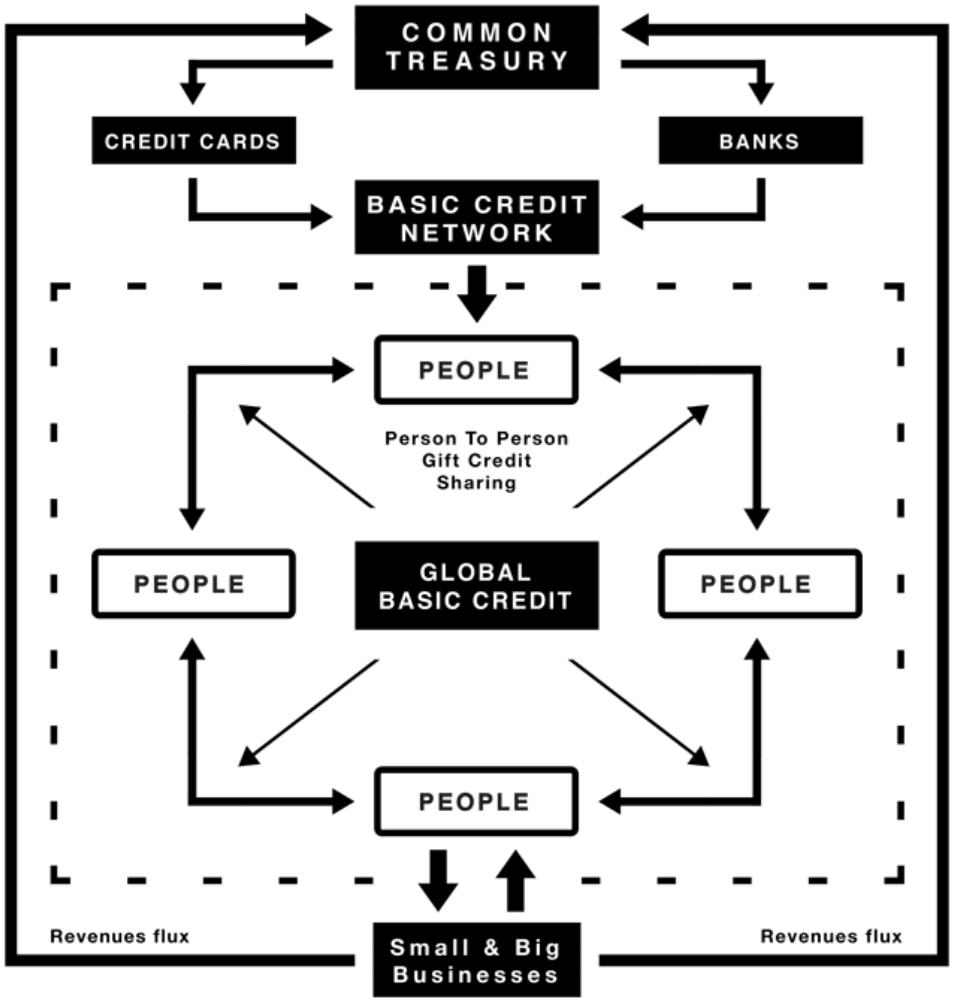
Money now comes into existence via some form of personal, public, or national debt.
Therefore all “money” is now of a variety of debt or credit money
that is “loaned into existence”.

The banks have a monopoly to our credit and for this "service" they charge interest on non existent money all the time giving the impression they lent us their money and this is fraud because they never revealed where the money came from.
This is true for Credit Card accounts and Mortgages.

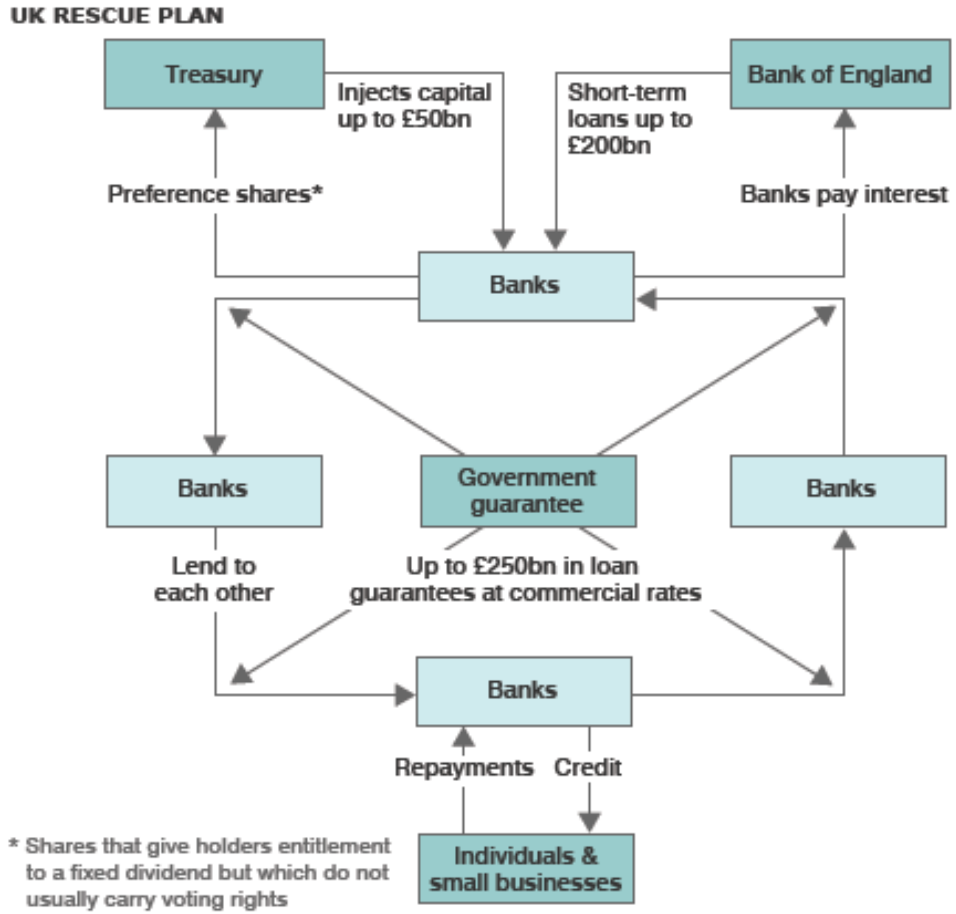
- However, without the ability for a bank to create money, you wouldn't have a job because there wouldn't be enough money. It's called money velocity. Money velocity is the idea that the same printed bill gets spent over and over.

TAKING BACK THE POWER TO CREATE MONEY FROM THE PRIVATE BANKING INDUSTRY.
It's time to reclaim the money-making rights from the banks.

We, the people, must take back our right to create interest-free money
in ways that are stable: neither inflationary nor deflationary.



Gift Finance diagram



UK rescue bank plan

The main ideas of the Gift Finance:

1) Bailouts to People not Banks by Gift Credit with No Interest on the loans.

2) The Common Treasury tracks the Gift Credit and
banks and credit cards are just tools for transferring money.

3) The people create and distribute money democratically.

Money: does it make sense after all?

"Money is a means, but it is also an end; and one of its ends may be to express all meanings and none. Money no longer persuades primarily as a concrete way of inducing people to sell what is theirs, if it ever did.
It persuades through its potential control of meaning in general…"
Keith Hart, The persuasive power of money, 2006

Questioning:

- What happens when there is plenty of money for all?

- Which means and uses can money have if anyone can have plenty of it?

- Is it possible to terminate money obsession and violence by generating an abundance of money for all? And then will we still need money?

"Peer production is based on the abundance logic of digital reproduction, and what is abundant lies outside the market mechanism."
Michel Bauwens

"Markets and digital information are interacting through the medium of the internet.
The latter enhances the dematerialization and cheapening of monetary transactions.
In the short run, this seems to have increased money's persuasive power in world society,
but the long-run effect may be to dilute money's significance...

People would be freed to make up their own world-algebra employing constraints appropriate to themselves, whether as individuals or in communities of their own design. We might then be able to talk about the emergence of "people's money," a true democracy rather than the apology for inequality we are stuck with now."

Keith Hart, The persuasive power of money, 2006

Scarcity of money as a fraud, just some present contradictions:

- Breton Wood: after the gold, the dollar, the Bancor, the oil barrel and the GDP, now which is exactly the reserve on which the value of fiat currencies rely? What is the final convertibility in real values?

- Multiplying money: by the state's Seigniorage new money is issued constantly, and through interests on credit lent by banks, money multiplies itself recursively. However inflation grows continually as well, making the supply of money never enough.

- Inflation and deflation: the major argument against issuing money to increase liquidity in society is the consequential increment of inflation. However, no one has proposed to regulate speculation on prices or to abrogate the interests on any kind of money, which can help to avoid spiral debt and inflation. <u>Inflation can be regulated by designing features of money as interests, quantity and distribution, hence purchasing power.</u>

- Boosting the creation of liquidity has been adopted many times in history with great results, as during the American New Deal, or to build cathedrals in Europe during Renaissance. It always happens during war, when the states need more money to pay the troops’ costs. Even today injections of new liquidity rescued many bankrupted banks.

- We don't know how much is exactly the amount of money in the fiscal havens.
And we can't estimate anymore the capitals flowing in digital network as
it's in virtual form and hidden in "Black Pools".

- Nowadays finance instruments, advanced technologies and high exploitation of resources create enormous sums of liquidity that can be enough for all the population of the earth.

- States defaulted many times, just clean away debts and start again:
Recently: defaults of IMF's loans, in 2005 by Make Poverty History campaign.
In 1996 Debt Relief program partially cancelled the debts of 25 countries.
And today Iceland, Greece, Portugal, approached the default with other countries.
History: Spain defaulted seven times in the 19th century, and Portugal six.
In the 20th century, European nations managed 16 defaults between them.
Future: United States debt owned by China approaches insolvency.

- Hiring one million unemployed workers for building new infrastructures would cost $30 billion per year, 4% of the entire American economic stimulus package, and 0.2% of the national debt.

The end of money and the Commons:

Nowadays money is created and destroyed all the time in an incredible velocity.

It has become that the fictions around scarcity are not credible anymore.

Money became a hallucination, which is our reality managed by a fictional and virtual entity. Money is just bytes somewhere that are not supposed to be manipulated by you and become mysterious and hidden in some computer memory.

However because of it, suddenly, education and many other public services (the Commons) are not for free and for all anymore.

Creation of money History and Present:

Monarch and others rulers had the monopoly to issue new money, then national central banks (the state) can issue coins and paper money through "Seignorage".

<u>However today coins and banknotes account for only around five per cent of the new money that appears.</u>

Nowadays most of the money is made by banks.
Not just by making profits, but because they do create most of the money.
Most of the money in circulation is issued, through Fractional Reserve Banking, in the form of debt and based on credit.

The ability to lend money was limited to the gold or silver reserve in the bank. In the 17th century removed the limiting factor. In 1694 the first director of the Bank of England said "The Bank hath benefit of interest on all money which it creates out of nothing".
Actually in Amsterdam, banks started to lend virtual money since a century before the Bank of England.

Gold Standard and Breton Woods:

For centuries the amount of money in circulation was related to
the amount of gold in the reserves of the central banks of every state.
Breton Woods conferences changed that system.

During First World War, countries soon exhausted their supplies of gold and started to print money without convertibility, to pay the troops, as often happened in history.
After the war the gold standard returned.

Bretton Woods system, (1948)
They fixed the dollar to gold, to use the dollar as pair standard internationally.

This first Bretton Woods standard collapsed during the war in Vietnam,
because its cost was draining its gold reserves.
So the developed countries decided that they could float against the dollar.

The political trick: to expand the money supply and reduce interest rates to make people feel suddenly richer, even though after this inflation may result. This is the 'boom and bust' strategy by politicians, this is allegedly the reason why today banks operate independently.

Basel for International Settlement (BIS)

Since the 1930's the major national and central banks of the world have agreements. According to Basel I and II (1988), banks had to hold capital equivalent to at least 8 per cent of their risk-weighted asset.

8 | Switzerland

New Banking Regulations

In one of the most significant reforms in global finance since the beginning of the Great Recession, international banking regulators announced on Sept. 12 a new set of standards aimed at preventing future financial meltdowns and bailouts. The Basel III accord increases the amount of reserve capital banks must keep on hand. By 2019, banks will be required to hold a cushion of 7% of their total assets or face limits on the dividends they can pay investors. Most U.S. banks appear to already have enough capital to meet the new minimums.

Amount of capital banks must hold in reserve

Today:

Banks' money is in total 98% of credit and 2% in cash of actual deposit.

With the new banking regulations (Basel III 2010) by 2019 banks will have to hold the 7% of their total asset, which is not a very great regulation.

More virtual money and credit through special vehicles:

Fractionary Reserve Banking is just one of the many instruments
for creating virtual money out of nothing:

The explosion of private indebtedness is facilitated through the banking deregulation.
And through securitization of debt-based obligations: Collaterized Debt Obligation and Collaterized Loan Obligations, Credit Default Swaps, derivative insurance between operators in order to protect themselves against investment risks.
Special vehicles that finance the purchase price through short term debts.
Debts become high-payment business in someone else's hands.

The complex financial engineering substantially allows for the artificial increase of the total amount of credit (leverage effect), cleaning the balances of credit institutions from loans to enable them to provide new loans.

In short, the multiplication of credit is done by means of securitization.
This is the legalization of debt. And non-sense credit, that banks still use.

What's credit:

Individual and companies need credit to buy what they need. Inevitably all credit is the only way to distribute money, it's the starting point.

What it became:

Credit has been pushed like heroin.
Banks and credit card companies made money by getting people into debt.

Our global economic system is based on debt and only works if credit is constantly available and keeps flowing.

The present economy:
Retailers made money by selling consumption that they couldn't afford.
Governments were re-elected on the back of economic growth fueled by unsustainable credit booms and runaway consumption.

Interests on credit:

The interest-based financial/monetary system will/is the cause of still greater crises and suffering in generations to come. Replacing it is therefore the critical struggle of our time. We can reform it or simply defeat it, otherwise it will defeat us.

Interests on Loans is a sin for:

- Islamic finance
- Deuteronomy prohibits usury among Jews
- Jesus expelled the usurer from the temple
- It was illegal 500 years ago under the English law.

Interest-based debt became a normal fact of economic life, in a perpetual indebtedness. However the inexorable rise of debt makes the life not really enjoyable. In 1997 United Nations estimated that up to five million children die in Africa every year because of pressures of the national debt.

Profit-sharing, usury-free trade credit, charitable donations and Zakat (2.5% of charity) combined to fulfill the entire spectrum of society needs. Alternative economic paradigm was once archived in the Muslim worlds is a vital lesson for our time. All of this for a commodity money system that held its purchasing power across centuries, where today's money cannot even hold its value across a single decade.

Some history of the financial economy:

<u>In 1997 the IMF and the World Bank issued key strands of thinking:</u>

- Deregulate financial market around the world to allow capital to move freely from a country to another, breaking down the trade barriers.
- To reduce the ability of the state to intervene, bringing down tax revenues.
- To require the state to privatize their industries to external investors.

<u>Today the sources fueling financialization have multiplied: royalties from offshore investments, derivates, interest on third world debt, stock markets, surplus on prices of manufacturing off sourcing.</u>

Multiplication of financial intermediaries resulting from the deregulation and liberation of the economy.

<u>*"Fictitious Capital" managed primary by banks with autonomous production of money by means of money, characteristic of the financialization process defined by Marx in Volume III of Capital.*</u>

Financial crisis are thus based on a contradiction between Real and Financial economies.
Post-Fordism: distinction between real industrial profits from "fictions" financial ones.

Non investment of profit in directly productive process.
It began with the crisis of growth of Fordist capitalism in the 1970s.

Today we have:
- BioCapitalism: value from the body seen as a whole.
- SemioCapitalism: value from the surplus of desire and meaning.
- CognitiveCapitalism: value from exploitation of knowledge and creativity.

Economies based on Free labour of the (unpaid labour)
Consumer-as-Producer
of the totality of sociality, emotions, desires, relations.
Consumption and production of forms of life and collective imaginary, beyond information.

Financialization represent the adequate and
perverse modality of accumulation in this new capitalism.

Consequences of unregulated financial market:

- The crisis of the public debt on a world scale, because there is not sufficient capital to absorb the losses and reconstruct banks asset.

- The succession of speculative bubbles which increases private and public debt impacts the real economy, provoking closer and closer recessions.

- Means of the artificial creation of scarcity of all kinds scarcity of liquidity, rights, desires, and power.

- Perverse process of automatization of financial capital from any collective interest (wage, occupational, saving, etc)

- Contemporary financial crises produce poverty "common poverty" moments of deconstruction-without-reconstruction. Transforming debt relations into control over form of life, into austerity and poverty.

Lack of Democracy and Equality in the rampant Financial Capitalism:

- Monopoly of money creation by banks. The monopolist has authority over his customers. There is no consumer sovereignty or consumer choice.

- Linguistic opacity of finance proposers, a situation which rises the question of democracy, that is, the possibility of publicly debating strategies, procedures, and decision concerning the lives of all citizens.

- Contradiction between social ownership rights, expansion of social needs and the private logic of market financing.

- Consumption increasingly oriented toward social health, educational and cultural sectors, previously managed by public criteria.

- Nationalization of banks insolvency: Socialize losses and privatize benefits.
- Crisis of national sovereignty resulting from globalization.

- The right to social ownership of a common good, the access to it taken a form of private debt. Like the impressive increase in the cost of education, forcing families to go in debt.

Real and practical solutions and regulations of the global finance:

We need a fundamental reorganization of global monetary system.

Treating banking as a public utility that should be as tightly regulated as any other.
It is a political and juridical matter.

The global financial system is in an incomparable mess
and is unsafe in the hands of the bankers.

The major points of the regulation that we need:

- Urgent: Forcing banks to restrict their credit policies and rely on real economies.

- A new Breton Wood: it's needed to stabilize money with a real and sustainable value.

- Tax transactions: Nobel James Tobin, would be to tax every transaction. Only the 5% of the currency trades, around $3 trillion per day, which can be used for public purses.

- Reestablishment of the economic sovereignty. Even the IMF recognizes that this freedom of movement of capital significantly contributed to the destabilization of the system of commercial exchanges and international financial flows.

- Transparency: finance has multiple new schemes that are, however, impenetrable. "Asymmetry of information" and use this to their advantage. Rather than securitizing capitals, banks should keep them on their own balance sheets so that both there customers and depositor are fully aware of the bank's situation.

- Equality: consolidating welfare policies suitable to new processes of production and redistribution of wealth. Basic Income: any human must have economic dignity.

- Banning high interests on loans and having negative interests proportionally to the capitals. The possibility of life without interest-based finance, or money creation by a privileged elite, is amply demonstrated by the history of modern Islamic empire.

However the present reality of regulations:

We have seen a process of economic and political concentration and reinforcement of the banks bailed out by the state that have exploited successive defiscalization of capital. They were given low interest on the aid that they had, and hence, freed from any political interference and putting them back into a position of dictating the conditions for recovery.

The recent crisis exterminated small banks, giving more power to big financial firms, which became monopolies of the financial sector. These monopolies will lobby the governments to avoid regulations in the market in exchange for creation of jobs in the financial industry, which will become always more tangled in order to justify all the occupation needed and demystify the creation and losses of virtual money.

In the meantime “High-frequency trading” managed by software will boost the process of fictionalization of money and increase the distance between real economies and social needs.

Composed by Paolo Cirio in Paris, London and Venice. Spring 2011.
Sources: http://www.p2pgiftcredit.com/infoshop.php