



local/independent currencies



what are they?

Local, complementary, alternative, community or independent currencies are varied, addressing particular problems in particular communities. They have a purpose that's not served by the national currency. They're usually devised by community organisations or municipal authorities. They recognise that participants will also use the national currency for various aspects of their lives. They're not legal tender, so you can't force someone to accept them as payment, and they can't be used to pay national taxes.

History: the idea of using just one national currency is quite modern. Currencies used to be much more localised, and people used different sorts of money for different things. During the English Civil War, the state lost control of the supply of money, and local traders stepped in to produce tokens for goods and services. They were banned when the monarchy was restored.

In remote areas of the US in the 18th and 19th centuries, loggers and miners were often paid by their company in 'scrip' – vouchers that could only be spent in the company store. Companies inflated prices in the stores, fleecing their workers who couldn't shop elsewhere. The practice was outlawed in the middle of the 20th century.

Independent currencies have often been set up in reaction to economic crashes. Several were set up in Europe during the Great Depression. Wörgl in Austria created a local scrip currency and employment increased, infrastructure projects were built, and new businesses bloomed. It was so successful that the central bank panicked, and 'emergency currencies' like Wörgl's were banned.

In the 1990s, the Banco Palmas was founded in Brazil. A fishing community was moved inland to enable luxury sea-front development. People had to abandon fishing and create new enterprises. Funds were difficult to obtain, so they set up a bank and a currency to help local people trade. The community flourished, and though the Palmas are no longer officially in operation, the currency still circulates unofficially.

After Argentina's crash of 1998-2002, many local currency schemes appeared, with local notes holding their value compared to the state currency (which was subject to hyperinflation).

In 2006 the BerkShares scheme was launched in Massachusetts. Their beautiful notes, featuring local celebrities like Herman Melville, are made on the same presses as federal dollars, and are issued and redeemed by local banks (not legal in the UK). To encourage use, when converting to Berkshares you get an extra 5%, and you lose 5% when converting back.



Local currency notes from various countries.

In 2007, the Transition Movement in Totnes copied the BerkShares idea, but without the ability to create high-quality notes or issue through banks. The Totnes Pound no longer exists, but it inspired others, including Lewes (2008), Brixton (2009), and Bristol (2012). Many notes were bought as souvenirs (especially the Brixton £10, featuring local lad David Bowie). Brixton and Bristol developed digital forms of their currencies, with payment via mobile phones.

The Bristol Pound had the greatest circulation and membership. It could be used for business rates, public transport and electricity. But the level of usage remained relatively small (at about 2,000 people in a population of half a million) meaning the impact was limited.

The UK's 'town pound' schemes have largely gone, but many groups are still looking at how currencies could be used to change our economy. Brixton Pound is developing a new blockchain-based currency. Bristol Pound is working on Bristol Pay, to offer a local non-profit payment option, plus tokens to encourage understanding of the impact of our day-to-day life choices. These tokens will be less about trade, and more about gamification, social reputation and creating a city dashboard, measuring things like the number of favours being done across the city. CitizenCoin in Bradford thanks people for volunteering and participating in various community activities by 'paying' them digital coins, which participating businesses can choose to give discounts for.

Around the world, token-based ideas are gaining ground. The MetaCurrency Project developed the concept of "current-see" – making visible non-monetary value flows. Meanwhile, work on mutual credit is growing, helping smaller businesses who find it difficult to get bank loans and struggle with cashflow. By creating local trading loops, businesses can settle bills and be paid without money. Meanwhile, others are building on work in Slovenia since the early 1990s, which uses algorithms on datasets of invoices to automatically find self-resolving loops of invoices that could be instantly deemed to be paid.



Tokens issued in Southwark by John Ewing (a local tobacconist) during the English Civil War.

what are the benefits?

Most money in any community today is spent in corporate outlets: supermarkets, coffee shops, banks, petrol stations etc. A large percentage of this money leaves the community immediately, to pay shareholders, as well as head offices, advertising campaigns and global distribution networks (these are sometimes called 'extractive' companies, as they extract money from individuals and communities). Local currencies do the opposite – they stay in local communities, and are spent over and over again, strengthening the local economy (via the local multiplier effect).

But the benefits are more than economic. Yes, they encourage people to find and support local businesses, but they also strengthen communities through personal interaction as well as trade. There's a personal touch with local businesses that isn't possible with a corporate branch, where not only do the staff not have time to chat, but they're not generally knowledgeable about or particularly interested in the company.

A community based on small, local businesses has a unique flavour, rather than the typical, bland High Street full of corporate outlets, resulting in a nation of 'clone towns'. Furthermore, small shops create far more (and more interesting) jobs than superstores; plus supply chains are shortened, reducing emissions and environmental damage.

There are also educational aspects to alternative currencies – about what money actually is, how it travels through and out of communities, and who controls it. Like crypto, they've got people used to the idea that the exchange medium doesn't have to be the official national currency; and their failure has hopefully helped focus attention on alternative approaches, separate from the banks altogether.

what can I do?

Join a scheme: there are many projects seeking to change how we relate to the economy. Tempo is a national timebanking-type platform; CounterCoin in Stoke-on-Trent and CitizenCoin in Bradford focus on volunteering and the gift economy; Hay-on-Wye has a 'shop local' voucher scheme; many towns have LETS projects. If you're a small business, you might want to look into mutual credit, to free up your cash flow.

There are Wikipedia listings of currency schemes in the UK, Europe, the US and globally.

Start a scheme: do some research if you want to start a community currency. The first thing is to be clear on what you're trying to achieve. Then you can think about the logistics – what form the currency will take, how it will be issued, how it will circulate, how it will be redeemed. Regulation can be an issue, depending on how you want the currency to work. But beyond all that, the biggest challenge is how to build a community around the currency. To improve your chances of success, you could get in touch with an existing scheme and offer to volunteer. You'll learn a lot from the inside.

resources

- lowimpact.org/local-currencies for info, courses, links, books, including:
- CCI, *People Powered Money*
- David Boyle, *Funny Money*
- Kennedy, Lietaer & Rogers, *People Money*
- ramics.org – research into monetary innovation
- cc-literature.org - community currency research



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