The New City Reader

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Currencies

[LEANDER BINDEWALD]

When talking about changing the world, an increasingly mainstream notion posits that the economy is a good place to start. When talking about changing the economy, furthermore, it is no longer an "insider" idea to begin with our monetary regimes. From this point onwards, two basic strategies are being pursued. One is to figure out the problem with the way money is created and distributed today, and to lobby for smarter ways to do so (that is, through monetary reforms). This approach promises massive positive impact and widespread instantaneous changes for all walks of life. Another strategy, confronting headfirst the vested interests of the establishment and suitable for both pro- and anti-political temperaments, is to redesign our approach to money and economy altogether. This means building new monetary subsystems at the fringes of current feasibility and allowing them to grow into viable alternatives that cannot be predicted from inside the box. Such initiatives find a common ground in engineering completely new currencies, subsumed by the terms complementary and community.

To many this remains just an idealistic endeavour that will never be normative, or something that could only be of use in the face of sheer crisis or complete collapse of our financial systems. Indeed, historical instances of such non-national, non-legal tender currencies have always sprung up in times of crisis. Oft-cited examples arose in the United States and Europe during the 20th century's Great Depression, in Argentina's economic meltdown at the turn of the millennium, and currently in Greece.

In recent decades, however, these ideas have coalesced in an emerging academic discipline and global movement. After the 1970s oil crises spurred local groups to seek more economic resilience, LETS (Local Exchange Trading Schemes) became a widespread currency-format to complement such efforts. Soon after, the idea of time-banking (members accounting for each other's services on an equal basis, hour by hour) followed in the footsteps of LETS systems and achieved global spread, particularly in the inter-sector and social domain. In the early 2000s, local initiatives reinvigorated the ideas of economics maverick Silvio Gesell (1862-1930) and created local and regional currencies based on and backed by legal tender, but with anti-hoarding rules that aimed to create more local demand by increasing the circulation rate of the currency. The Chiemgauer currency, a landmark example of this model in southern Germany, will celebrate its 10th anniversary in 2013; it has inspired several similar currencies in the U.K. and U.S. Some of these initiatives are now making headway into the next generation of currency models, in terms of technology and stakeholder engagement. London's Brixton Pound was the first such currency to enable users to pay by text message, reducing cashless transaction costs for small traders. The recently launched Bristol Pound was the first to garner strong support from the local council and credit union from its inception. As one of his first acts in office, the newly elected mayor announced that he would receive his salary in Bristol Pounds.

Often overseen in this regard, another strand of currencies caters directly to the needs of small- and medium-sized enterprises by providing them with lines of credit usable with all participating businesses. The nationwide Swiss currency WIR was created during the Great Depression; 70 years later, it serves a community of over 60,000 businesses (over 16% of all enterprises). Dozens of such business-to-business currency networks operate around the world, trading locally, nationally and even internationally. In the last few years, interest in these innovations has grown from public entities, mostly municipalities and local governments, that realise the potential of these technologies to engage their constituencies in meaningful ways, deliver public services more effectively and efficiently, and put local value (rather than increasing debt burdens) towards future development.

For all their circumstantial specificities, the common threads between these different models make them strong contenders as transformative tools. Participation is always voluntary. Users only adopt them when they perceive a clear benefit. And, unlike conventional monetary regimes, complementary currencies tap into a highly diverse set of values: the benefits can be individual or collective, they can be economic, social or environmental, and they can be freely determined by their initiators but also must resonate with the users in all possible facets of interaction. In this regard, complementary currencies are in a constant system of checks and balances; they must evolve and adapt quickly in response to user behaviour.

The involvement of different stakeholders and the employment of new connective technologies support and enables these currencies to create new value, support our personal values in any community in which they are applied—whether locally, regionally, sectorially, virtually or even globally. •