Ten square miles surrounded by reality? Materialising alternative economies using local currencies

Introduction

JK Gibson Graham's (1996) book *The End of Capitalism (as we knew it)* argued it is "the way that capitalism has been 'thought' that makes it so difficult for people to imagine its supersession" (1996: 3). Representations of a monolithic and oppressive 'capitalism' construct a discourse of economic domination that seems overawing, unbeatable or inevitable, restricting our ability to envisage alternatives. In particular, they argue that referring to a secular drive for capital accumulation within capitalism obscures the differences among the practices and motivations among economic actors and, in particular, ignores the diversity of actually existing non-capitalist practices and liberatory economic projects observable in the here and now. Against Margaret Thatcher's famous claim that 'There Is No Alternative', theirs is:

> "a (n often brave) new world …. that contrasts with, and offers an alternative to, the homogenising and crushing uniformity of mainstream circuits of value, attendant processes of globalisation, a dominant neoliberal politics of state restructuring and, for that matter, mainstream social scientific knowledge including neo-Marxism and neo-classical political economy." (Fuller, Jonas and Lee 2010:xxiv)

To move beyond totalising conceptions of capitalist domination, they argue for a more open theory of economic difference, rethinking market economies to identify them as heterospaces of capitalist and non-capitalist economic practices which include not only production for profit, but mutual aid, household economies, production for need,

production for self-consumption, care giving, maintaining the planet's ecology, loving, or purchases made for political, ideological or affective (rather than strictly economic) reasons. Their economic ethics asks 'how shall we produce, exchange, consume, and maintain the public sphere we all share'? Their hopeful but realistic post capitalist politics consists of an ethical praxis founded on openness to possible futures through which "marginalised, hidden economic practices can be brought to light" (Gibson-Graham 2008:613), and focuses on cultivating creativity in subjects who are recognised as being capable of engaging with their world to create alternatives through their economic practices. Rereading for economic difference, openness and possibility, a post capitalist politics of hope identifies possibilities in what look like closed, hopeless situations, such as the future faced by those at the sharp end of economic restructuring, globalizing processes, and more recently dangers associated with anthropogenic climate change (Gibson-Graham and Roelvink, 2010).

The conventional Marxist critique is to see these alternative economic practices as precapitalist hangovers or doomed utopian experiments that are unable to compete with capitalism, associated with progress and modernity (Engels, 1892/1968). Working people, Marx argued, cannot change the world through their own private efforts: they must combine into a mass revolutionary movement to overthrow capitalism. Alternatively, it is argued, alternatives only survive in the interstices, hidden places where capitalism has yet to penetrate and where everyday life has yet to become fully commodified. They are dismissed as the survival strategies of marginal or surplus, displaced communities which should not be uncritically celebrated (Samers, 2005), a "palliative to a deeper malaise" (Kelly, 2005). Can alternatives really challenge what Marx identified as the "heavy artillery"

of cheap commodities through which capitalism destroys all alternatives, act as a serious tool for social transformation accessible to and attractive to large numbers of people?

Of course, a community economies perspective recognises that actors encounter enemies and barriers and that oppositional forces "may work to undermine, constrain, destroy or sideline our attempts to reshape economic futures" (2006a:xxxi). However, Gibson-Graham also argue that these are not dominant forces with a "fundamental, structural or universal reality", but are "contingent outcomes of ethical decisions, political projects and sedimented localised practices, continually pushed and pulled by other determinations." They re-read experiences for contingency, not necessity; for difference and diversity, not for assumed dominance. They wish to stress capacities to act, with obstacles as "challenges, problems, barriers, difficulties – in other words, as things to be struggled with, things that present themselves as more or less tractable obstacles in any political project" (2006a: xxv) rather than structures that automatically reinforce domination and control, fundamental limits to agency. Thus a generative local post capitalist politics examines the *conditions* rather than the fundamental *limits* of possibility, underpinned with an ethics of hope (as opposed to uncritical optimism). They focus on the perhaps, not the probable; on the "not yet", not the "never" arguing that we need to plant, tend and nurture economic alternatives, and harvest the fruit.

Thus the project is not "a simplistic assertion that we can think ourselves out of the materiality of capitalism". Material practices matter, and visions that do not inspire change are signs that alternatives are wanted, but not enough in themselves. Consequently, North (2007), Jonas (2010), and Fickey (2011) argue that we need to move beyond the identification of possibilities and hopeful visions to develop our understanding of the

strengths and weaknesses of actually existing alternative practices. Consequently, Gibson-Graham et al.'s (2013) latest book discusses concrete ways of reclaiming work, property, markets and finance.

In this tradition, this paper takes from the community economies project a hopeful perspective, evaluating community-organised local paper currencies as possible technologies for making change. In particular, the paper takes a non-capitalocentric reading of actors' ethics and motivations to reveal some local businesspeople using local paper currencies to be engaged, alongside local currency activists, in a shared project of creating localised economies. With now over twenty years of experimentation under their belt, these local currencies are now at a stage where it would not be unfair or premature to move from an understanding of their contribution to envisioning alternatives to an analysis of their potential as alternative praxis. Are these tools to 'take back' money and local economies?

Alternative and complementary community currencies.

Jonas (2010) argues that economic alternatives must be explicitly 'alternative' or 'oppositional' in relation to mainstream conceptions of the state, economy and society, with the mainstream seen as a contested 'other'. It is important at this stage to understand that there are diverse forms of community-based local currencies, established by actors with differing articulations on mainstream views of economy and society. From the early 1990s activists with a critique of state-created money as a tool for economic subjugation that fuels unsustainable levels of growth have experimented with 'alternative' currencies (North

1999). They have conceived these currencies, firstly, as alternatives to bank-created money legitimated by states through which communities could establish more control over their economic life (Douthwaite, 1996, Shuman, 2001). A local currency, they argued, would be a tool for local resilience allowing communities to create a "harbour in (the) storm" (Dauncey, 1988) of crisis-ridden neoliberal economic globalisation (Pacione, 1997). Secondly, building on Jane Jacob's (1984) arguments, local currency activists argued that large economic spaces like the continental United States or the Eurozone are not optimal monetary zones (Mundell, 1961). Global money can too easily to flow from poorer to richer places, condemning less favoured regions to structural poverty, or to crises like those in contemporary Ireland, Spain, Portugal and Greece. Finally, as no interest is chargeable or payable, local money could not act as a tool for accumulation in and of itself (Kennedy, 1996). Against current economic pathologies, activists visualise strong locally-owned community economies enacted by local currencies through processes of "local structuration" where, at times of economic crisis and limited credit, easily earnable, and thus relatively abundant, local currency boosts local spending power. They argue that a local currency will help locally-owned businesses producing local goods and services and employing local residents to ensure that profits from these businesses and employees' wages recirculate around the local economy, keeping wealth local (North, 2005).

Local Exchange Trading Schemes, or LETS, through which members exchanged a range of locally-created and locally-named virtual currencies appeared in the early 1990s (Williams 1996, Pacione 1997, North 2006). These Manchester 'bobbins, Canterbury 'tales' and Bath 'olivers' were valued in time with a loose alignment on Sterling. For a time LETS activists were creative in generating alternative discourses about the value of work and the

role of money, and visions of localised economies (North, 1999). In the long run however, LETS schemes' potential as an alternative to the conventional economy was limited as few businesses participated, and so members mainly exchanged household goods and services (North, 1998). Consequently, the networks remained small and eventually ran out of steam (Aldridge and Patterson, 2002). As a member of a local currency scheme in Manchester, UK, put it:

> "When I think of building a sustainable society and what can happen now I think not just in terms of 'Can I do it?' but 'Can everybody else do it as well?' ... It would take a massive growth in the number of LETS systems and in the capacity of LETS systems to allow everyone in this city to live off LETS. And then there is the question of if people are going to carry on wanting televisions, there is going to have to be a television factory somewhere that operates on LETS currency. …
>
> If you don't want a telly, and you are prepared to live on an allotment in a bender, that sort of thing, then LETS, no doubt, could do that now provided you were the one growing the food, - because I don't think anyone else in Manchester is doing it, on the LETS system! But if you want a public transport network, if you want to be able to manufacture a bicycle, that sort of thing, then we really need local economies." (North 2006:pp159-60).

Few businesses participated in LETS in part because an exchange system based on writing cheques did not fit with the day to day practices of retail. Writing a cheque a process for a busy retail business, especially for large volume low transaction businesses. Having another form of currency to account for is an unwelcome complication for already hard pressed businesspeople, perhaps struggling to keep afloat. The second, concrete,

material problem was that businesses found that they could not spend local currencies as easily as they could earn them as the networks were still too small. Local structuration did not occur in practice. Consequently, business owners were usually reluctant to join LETS schemes unless they had an ideological affinity with the visions that activists promoted, and many (but not all) LETS schemes in time proved disappointing in practice.

North American scrip currencies took a different path. LETS in the United States quickly came up against another structural barrier: the Internal Revenue Service, the US tax authorities, argued that LETS, like commercial barter networks, put businesses in touch with each other and provided a currency to enable them to exchange with each other. Consequently they ruled that the organisers of LETS had a duty to disclose who their members were to the IRS, which they were reluctant to do. Secondly, for similarly political reasons, some activists argued against a local currency denominated in the same way as the US dollar, believing that this would recreate existing wage inequalities. They wished to value everyone's contributions equally using currency denominated in time (Maurer, 2003). Given that publishers of newspapers do not have to disclose details of who their customers are, after experimenting with a LETS scheme, Paul Glover, of Ithaca, NY began publishing a newspaper called "HourTown" in 1991 through which participating businesses traders advertised their services, and issued a local time-based paper currency, Ithaca Hours as a means of exchange. The notes, which were embossed with the slogan "In Ithaca we Trust", featured local fauna and landscapes and were denominated in time, but were also related to the US dollar at the rate of one Hour being equivalent in value to ten dollars (Jacob et al., 2004.). While a currency denominated in hours is attractive to those with countercultural values, making change for small transactions denominated in a mix of dollars and Hours can

be problematic (Maurer, 2003) with the result that a 'tenth of an hour' note, equivalent to one dollar, was introduced in 2002. At its height in the mid-1990s, some 800 Ithacans, including 300 businesses, exchanged 6,800 Hours (equivalent to $68,000): something no LETS had achieved.

Hour notes spread to many North American towns and cities[i], with mixed success: Collom (2005) argues that some 20% of paper currency schemes achieved some longevity, while 80% quickly folded. He found that the schemes tended to be more successful in communities with a young, low income but highly educated (i.e. a countercultural) population - a finding replicated for UK LETS by Williams (1996). This suggests that local currencies might find non-materialistic bohemian communities to be receptive to ideas about economic alternatives, perhaps cities like Ithaca with a countercultural feel encapsulated in the city's self-identification as "ten square miles surrounded by reality".

(Insert image 1 around here)

Thus the alterity of LETS and Hours exists in the conceptions of what are valued forms of work, livelihood and economy that participants aim to enact, that are not shared by elite supporters of free market, globalised, growth-based economies. Those who do not share these values find them less attractive.

Alternative or complementary currencies? Involving business

Some activists wanted to break out of these countercultural enclaves, and conceptualised their currencies as 'complementary' to, rather than alternative to state-created money. Seyfang's (2003) work focusses on Time Banking, a complementary

currency exchange that aims to recognise the value of people with skills that the economy does not value to meet the social welfare needs of socially excluded communities. In an attempt to overcome the problem of participants having limited goods and services to exchange, activists attempted to bring local businesses into the community currency project by issuing paper-based local currencies enumerated at parity with, and backed by, national currency. During the early 1990s the EF Schumacher Society of Great Barrington, Massachusetts experimented with prototype paper currencies for high street stores and farmers (North 2010:129-30) which evolved into the BerkShares programme, launched in 2006 in partnership with local banks. One, five, ten, twenty and fifty-BerkShare notes were issued, denominated in BerkShares with one BerkShare being equivalent in value to one dollar. In an effort to build credibility for this complementary, rather than alternative currency, the quality of the banknotes was high. Like Ithaca Hours, they attempted to build on feelings of town pride by featuring local heroes. By 2009, 180,000 BerkShares were in circulation amongst southern Berkshire County's population of 19000 people, and accepted by some 375 businesses (North, 2010b).

The claimed success of BerkShares, when compared with LETS, spread across the Atlantic to at a meeting addressed by local currency advocate Bernard Lietaer in the home of the Transition movement, Totnes, UK (Longhurst, 2010). The Transition movement aims to support community-based responses to peak oil and climate change by creating localised sustainable economies through community action (Hopkins, 2008, Mason and Whitehead, 2012, North and Scott Cato, 2012, Bailey et al., 2010). Seemingly, activists felt, a local paper currency denominated in local Pounds at equivalence to Sterling could help deepen Transition's objectives of building convivial, community-based local economies by involving

local businesses in the localisation project in ways that had eluded LETS. In turn, Totnes inspired Transition Towns in Lewes, (East Sussex), Brixton (south London) and later Bristol to develop their own local paper currencies, also aimed at involving local businesses.

In parallel, alternative currencies like LETS had emerged in Germany in the 1990s, with similar experiences (Thiel, 2011, Schroeder, 2006). The result was that German activists attempted to create community-based currencies denominated in Euros that circulate at a regional level which, they hoped, should be a monetary zone sufficiently large to facilitate sufficient business involvement that an average user of regional currencies could buy 50% of their requirements with it. The most successful of these regional money schemes, Chiemgauer, circulate in the Chiemgau, an area seventy kilometres around the Chiemsee lake in south Bavaria. As of February 2013, just under 600,000 Chiemgauer were in circulation (70% in electronic form), accepted by 635 businesses and 293 clubs[ii]. Activists claim 70% of Chiemgauer are spent again by the businesses. The Chiemgau's experience of significant business involvement inspired Gloucestershire town of Stroud to establish its own currency, the Stroud Pound. Might we now then be seeing the emergence of local paper currencies in Ithaca, the Berkshires, the Cheimgau and the British Transition Towns that move beyond revisioning the economy, constituting concrete material practices that support the development of the sustainable localised economies that local currency activists wish to create (North, 2010a)? Or will we find the project constrained by structural forces outside the capacity of activists to challenge, perhaps that guide them down a complementary rather than alternative path, promoting local growth and town pride and alternatives as tools for the extension of neoliberal market based mechanisms into new

areas (Amin et al., 2003), ie being structured into reinforcing rather than challenging hegemonic practices?

Methods

The author carried out fieldwork in seven towns with paper-based local currencies designed with the involvement of local businesspeople in mind: Ithaca, New York (Ithaca Hours) and Great Barrington, Massachusetts (BerkShares); Totnes, Lewes, Brixton and Stroud, all Transition Towns in the UK; and in the Chiemgau, Germany[iii]. Interviews-as-conversations were carried out with activists and with a sample of 20 participating business owners in each town, identified from publicity material created by the activists who created the currency. Sampling criteria looked to identify locally-owned or ethically-identified businesses or self-employed people who might be expected to find a local currency attractive and useful. Did the business owner have the ability to make a decision to join the network (rather than being controlled by a head office somewhere else, unable to make a local decision)? Was this a business that was used to using promotions to get more business? Did it have a presence on main street, and so (it could be assumed) an interest in its health? Were its customers local? In other words, was this in some way a locally dependent business with an interest in promoting the health of the local economy (Cox and Mair, 1988)? Interviews explored the business owners motivations for and practices of using an alternative currency. Interviews were recorded, transcribed and coded, and were supplemented with textual analysis of the local currency notes and promotional materials, and participant observation of customers using the notes in business settings.

Generating visions

The first stage of the community economies methodology is to identify new visions for a community based economy, and the resources a community has. The EF Schumacher Society, organisers of BerkShares, describe their vision thus:

> "BerkShares are a tool for community empowerment, enabling merchants and consumers to plant the seeds for an alternative economic future for their communities. … The purpose of BerkShares is to … build the local economy by maximizing circulation of trade within a defined region."

Brixton Pounds are "money that sticks to Brixton. … designed to support Brixton businesses and encourage local trade and production." The Lewes Pound "benefits shoppers by creating stronger and more local shops, increasing a sense of pride in our community, decreasing CO^2 emissions and increasing economic resilience." Ithaca Hours aim to:

> "rebuild our economic base, to create a more ecologically and socially just economy which employs more of us, more reliably, at creative healthy work. We can revitalise The Commons[iv], establish clean, locally-owned industry, promote local agriculture and worker ownership, and relieve the cost of living."

Ithaca activists argue that Hours will help to produce a local economy that provides "abundant, healthy, local food; pleasant, secure, low cost, energy efficient housing; comfortable, sturdy, low cost and stylish clothes (and) durable, energy efficient household goods." A localised economy will provide "socially beneficial work for all who want it, and sufficient wages", and "(e)asy access to work, friends, family and recreation" with the additional benefits of "clean and healthy water and air (and) improved public health." At a

more strategic and overtly countercultural level Ithaca Hours are claimed to provide "defense from the US's military industrial complex" and "reliable energy supplies."[v]. At a similarly global level, activists behind the Stroud Pound argue that:

> "The money we use for most of our transactions (Pounds Sterling) is tied into a system of global transactions and processes that do not serve people in Stroud particularly well. A sizeable proportion of each pound spent goes to service debts in the global economy draining resources away from the area and reducing the viability of local services. The current turbulence in the financial markets also suggests that global currencies may not be a secure basis upon which to organise our economic life."

Here activists argue that this is money that acts as a tool for rethinking economies, as a device though which to communicate what is valued about the local economy through the artwork and design of the notes which display well-loved, local scenes and local heroes. Thus Ithaca Hours' slogan "In Ithaca We Trust" replaces the dollar's commitment to the Christian deity with a commitment to, a trust in, Ithaca.

(Insert image two around here)

Consequently, one BerkShares user felt:

> "It's much prettier money than the American money, it's more European, and having a currency with local heroes and monuments is something to be proud of. Doesn't take away from being proud of a US dollar. It's a little prettier, yes, it's nicer."

Going beyond celebrating place and local heroes, the Lewes Pound displays the image of the father of the American revolution, Tom Paine, and his declaration that "we have it in our

power to change the world anew". The Brixton Pound features Jamaican Trotskyist and former resident CLR James, author of the seminal study of the Haitian revolution "The Black Jacobins" (James, 1938/2001), and Olive Morris, founder of a local black women's group. The Stroud Pound celebrates local production and local writer and Spanish Civil War volunteer Laurie Lee . Thus the visions conveyed on the note are not apolitical celebrations of place. They celebrate an alternative, ecological, community-based vision of town pride, celebrating ordinary local people and local radicals rather than local elites.

(Insert image three around here)

Going beyond visions, enthusiasts for Berkshares argued that the notes acted as tools for 'taking back' the economy as:

> "The currency *distinguishes* the local businesses that accept the currency from those that do not, building stronger relationships and a greater affinity between the business community and the citizens of a particular place. (author's emphasis)"

Berkshares users report that using the currency inspired conversations about the state of the economy, the community, and the world: "its sparked a lot of dialogue about supporting local, it's fun, I think, it makes *me* feel good. And it's that supporting of local, all these notions that come together in one dollar BerkShare bill." In Stroud, a local resident using Stroud Pounds put it thus:

> "I think it's fantastic: I love the idea that it feels like *anarchy*, it feels like a real sort of, two fingers up in the air to big business, to Tesco, to a system that, not through choice, I am part of. It feels resilient, exciting and brave. It feels like a step out in a

different direction, It's very empowering. ... It's a real act of positive defiance ... I love it!"

Thus local currencies act as bearers of the resistant visions generated by their supporters**,** embodied in their design, and act as tools for rethinking economies in the conversations they inspire during exchanges.

From visions to concrete everyday economic practices

If local currencies are tools for rethinking economies that embody a vision of a convivial local economy, can they help bring these visions into being? Practically, do they work as forms of money that can generate economic activity, beyond messages and conversations? Activists have taken significant steps to make sure that local business can and will use them. A key feature of BerkShares and the Transition currencies was that the notes were valued at parity with and fully convertible with national currencies. Potential customers were incentivised to use the notes with a discount: one hundred Berkshares could be exchanged for ninety five dollars. A business person accepting them could exchange them back into for dollars or pounds, perhaps again at a discount. The notes are framed to local retailers as a promotional tool, as a way of increasing footfall into the town, with no downside (Longhurst 2010:154). The currency would be like a local loyalty scheme, providing publicity and kudos to a business associated with a local good cause. Thus in Lewes the local brewery argued:

"The profile of the town has been raised since its introduction. Many visitors have heard of the currency: some make a special trip to acquire the note. And when local

> traders give out a Lewes Pound in change and explain what it is, it starts a conversation and tourists will go and spend that pound with another Lewes trader."

The proprietor of a photographic equipment shop in the Berkshires felt:

> "I've always thought that the local economy was important. That's kind of my objection in some cases to the big box stores. The Brownies bake some cookies, the soft ball team needs a hundred bucks for some T shirts, the big box stores aren't good for that, and they just take the money out of the community. … Customers like that it's a local promotion … and these people are loyal."

Other businesses, perhaps the sort of businesses that green activists would want to see in their community such as businesses that specialised in locally or ethically-produced and sourced goods, saw obvious parallels between the objectives of the local currency and their business aims. This was particularly true for local food production. A butcher in Lewes argued:

> "Some people said 'I can see why you've done it, it's really pushing on what you do'. Obviously it is. … it's another way of locally promoting your business especially if you are doing local stuff. It does increase the number of people coming in and their awareness of what they are buying. More than anything, people are saying 'that's local is it?' There are others now buying with me as I take Lewes Pounds."

Given that many businesses employ alterity in their business model (The Body Shop, Ben and Jerry's), a local currency could be co-opted into accumulation strategies. Consequently, members of Stroud Green Party had a fundamental objection to the Stroud Pound which they saw as a tool that boosted consumption: that it was local consumption was irrelevant.

In Brixton it is even possible to go as far as seeing the Brixton Pound as a tool for gentrification where positive media coverage was seen a welcome alternative to usual media stories of crime, violence and heavy handed policing: as the owner of a local record stall put it, “Brixton has gone from infamous to famous”.

To summarise, those who found local currency to be of identifiable benefit were locally-dependent businesses able to source what they sold locally, and who had a “local” identity of some sort of their business model. They saw a local currency as a way of advertising this to potential customers. Thus activists had successfully framed their alternative project in complementary ways, and locally dependent businesspeople could see it as a tool for creating stories about the special nature of their local economy from which they would obtain concrete benefits in the form of for increasing footfall. Thus by supporting local, ethical and community-minded businesses and connecting to discourses of town pride and support for locally owned businesses, activists used a local currency to reveal the extent that sort of local economy they wanted to see already existed, in concrete ways. In line with a community economy methodology of mapping local resources, it enabled those so minded to identify, and then patronise, these locally-owned and ethical businesses.

Conversely, a decision to accept a local currency or not helped identify businesses with little or no local identification. These might be businesses that are locally-owned, but which sell their products more widely, so have no obvious interest in the health of the local economy. They might be businesses that depend on the local economy for customers, but are not locally owned and/or are run by managers who cannot take decisions locally. Managers in remote head offices may not see the benefits of a local currency. These

businesses could earn, but not spend, the currency as their suppliers were out of town and did not accept the notes. A second group that struggled were businesses that carried out multiple, low value, low margin transactions for everyday consumption (for example, convenience stores, tobacconists, newsagents, food shops). They could find handling, accounting for and banking a second currency another hassle in an already busy day, and these problems outweighed any perceived benefits.

Interestingly though, a diverse economies perspective alerts us to the finding that we cannot predict or read off in a mechanical way the engagement of a business with a local currency from its objective local dependence, its insertion or otherwise into local circuits of production or exchange. Subjectivity matters. For example, while cameras or film are not produced in the Berkshires the owner of the photography shop in Great Barrington mentioned above was an avid participant even though he could make a loss on individual transactions:

> "There are certain things we sell here at cost during promotional periods, we'll take the hit. … Once I had a $1000 dollar digital camera, the margin is very, very slim on those sorts of products, probably that camera that retails for $1000 might cost me, say, $930.

Nonetheless, the owner gladly accepted BerkShares:

> (Q: so you don't make a lot on that)
>
> (Nods) "but we don't mention it, just, 'thank you for your business'. I'm not complaining about it, I'm not whining about it ... but I have an issue with it (chuckles). 'Use it, spend it, go get some more and come in again!'"

Enthusiasm helps. A roadside grill in the Berkshires specifically enjoyed the challenge of spending what it took in:

> "Just gotta figure out about how to keep them in circulation, I wanna talk to the lettuce guy and say, 'hey, here's this currency, you can use it in town, I can pay you in cash right now, what do you think? Or I can give you a cheque next week '"

He thought fellow business people who were unwilling to think about creative ways to spend a local currency were:

> "a little bit *lazy*, I would say? Sort of, 'I don't have the time for that'. Because there are people I've had a conversation with,' OK, if you pay me an extra 10%, I'll do it then I can turn it in and that's then dollars'. OK, you're not, getting it."

These business people are co-producers with activists of the localisation project.

Discussion: taking back local economies

We can investigate diverse responses in more detail by reference to four similar large volume, low margin businesses in different places that reacted to the same stimulus in different ways: medium sized, locally-owned groceries and health food shops selling organic food and health products and with a self-identified ethical focus. All four knew that their customer base would be sympathetic to the project of building the local economy through a local currency, and that they would expect the business to participate in it. The first of the four, a relatively large and long established health and wholefood products business with four sites in Stroud refused to accept the Stroud Pound outright. The owner of the stores, a

member of a long standing Stroud family, felt that while he knew everyone involved in the Stroud Pound and could see the wider benefits for the town's economy, did not believe that accepting them would be appropriate for his business. With over six hundred customers a day, many of whom would want to spend Stroud Pounds, he could see no way in which he could recirculate the notes. Staff did not want them, he argued, and he could not envisage his suppliers accepting them (although he was not prepared to explore this with them). It added another layer of complexity to accounting, and he had little enough time for this anyway. Business, he said, was hard enough as it is without the prospect of a five per cent deduction which he would have to pay for every note he converted back into Sterling. "Not exactly attractive, is it?" he said. His customers shop locally anyway, he felt. He could see no benefits, only problems. Consequently, he was "not interested". The response of local currency activists was highly critical. They regarded this business as one that had built itself on the goodwill and money of the local community, and was unwilling to put anything back. Despite its outwardly 'alternative' image, in its decision not to accept the Stroud Pound it had revealed itself not to be the sort of business community economy-minded customers should patronise.

In direct contrast the managers of a member-owned co-operative grocery store in Great Barrington felt that their customers would penalize them for non-participation, and they would suffer the reputational damage that did not seem to worry the Stroud business owner above. Here, the structuration processes discussed above seemed to be operating. The manager commented:

> "Obviously we were going to take (BerkShares), it's in our mission, there's no way we weren't going to take them. … Our shoppers are their core supporters. It's the

> fusion of the missions, believe me, if we hadn't have taken BerkShares we would have heard about it! And rightly so. We took them at 100% value for everything, and ... we were hit. (chuckles). We were taking in around 60,000 a month. Yeah, it was crazy. (But) … the other side to that is that we do deal with vendors who are not local. We have to deal with vendors locally who don't accept them, so to get them back into circulation was very hard for us."

The co-op's problem was that its customers wanted to spend Berkshares, and it supported the project, but given that most of what it sold was *not* produced locally, it took a 10% 'hit' (their word) when it converted unspendable Berkshares back into dollars. In the same town, a privately-owned grocery store with a similar upmarket, alternative feel also accepted BerkShares, with the same result:

> "We've got no place to spend this money. It would be great if we could pay the guy that removes our garbage here, in BerkShares. It would be great if we could pay our utility bills, or our way in taxes with BerkShare money. … That's not the case. If we could pay our suppliers. The guys that bring us our fruit and our vegetables … our natural foods. If we could pay them in BerkShares, we would accept them seven days a week, I can tell you! But that's the stumbling block here. There's nowhere for us to spend it."

Activists responded to these critiques by arguing that the currency raises the profile of local businesses, and explaining to these businesses that should manage their engagement with the currency, not accepting more than they can recirculate, which the Berkshire businesses did. This is, they argue, a stage in the construction of a local economy where the objective is to show that, as one activist put it, "they sky does not fall in" and the local currency is an

accepted local institution that could be used as a tool for financing new local production. As more and more businesses began to accept the new currency, activists argued, these problems would be mitigated. Businesses would be able to source the goods and services they needed locally and spend their local currency.

This raises a question: whose responsibility is the deepening the local economy? Should it fall on the activists if they wanted to see their local currency experiment succeed? Or was it the responsibility of a business which would suffer reputational damage by non-participation to make it work? Of the Berkshires businesses, one did not try to persuade others, while the co-op was ambivalent:

> "Is it our responsibility to make our vendors take them? To a certain degree we can suggest it. Yes, there are farmers who will take at least a portion, as long as it's at delivery, cash in hand. And only a portion. Which is great – we do that, on a case by case basis. They are local farmers who can spend it here."

But the co-op also recognised that supermarkets had long been critiqued for acting in aggressive ways to force down prices from their suppliers (Simms, 2007, Mitchell, 2006):

> "our local farmers can't go to seed companies and say, 'hey, do you take BerkShares?'... It's a small area and there aren't thousands of options. We can't be that hardcore. And we've been around long enough to know who are the best electricians, who does the best job for us. The best produce suppliers. These are relationships that we have developed over years and years and no, we don't want to say, 'well, we've worked with you for fifteen years, but we won't work with you in the future if you don't take BerkShares.' They have mortgages, not even gas stations are taking it. What is the non-discretionary income where you can spend

BerkShares? … So it's a little bit Catch 22 in there somewhere. Like I say, in theory, absolutely, it's amazing. In practice it's a little difficult right now."

The co-op would not act in ways that its suppliers might find unethical.

The fourth example, from Germany, is of a similar ethically and environmentally-focused but privately-owned supermarket where five or six per cent of the business was unproblematically conducted using Chiemgauer because they sourced enough of their goods from locally-owned suppliers who also accepted Chiemgauer such that they could recirculate the Chiemgauer they accepted from customers. In turn, their suppliers were happy to accept Chiemgauer, as they also could spend them. While the circle was virtuous, this did not happen automatically. The supermarket manager actively brokered relationships in ways that the co-op in Great Barrington felt was unethical:

"We say: 'Well, we buy that much from you, let's say [for] two-thirds Euros, one-third Chiemgauer', so that we can also get rid of ours; so that we can get the circulation going. … We ask our wholesalers: 'Can we pay in Chiemgauer, yes or no?', 'Have you got suppliers that you can pay with Chiemgauer, yes or no?' … We also have small bakers that produce bread for us who say: 'Well, two-thirds Euro, one-third Chiemgauer', so that they can get rid of it again and the circulation can be sustained.

There are many shops here that accept the Chiemgauer, from the shoe shop, to the bookshop, to the pet shop, to ourselves – that's to say, he can get rid of his money. Only if it builds up ... if he gets a huge amount of Chiemgauer, which naturally he will have to get rid of again (can it be a problem)."

(Q And in time, what if your suppliers said: more Euros, less Chiemgauer?)

"Yes, that can happen, if it gets too much then they say that."

Here asking suppliers to take Chiemgauer was seen as ethical as long as it was negotiated fairly, not enforced, benefits both parties, and boosts the network around the local currency, thus strengthening the local economy. The perception was that local businesses and consumers win, at the expense of the multiples. The Chiemgau is a large enough area for the currency to circulate, in an area that characterised by Germany's famous 'Mittelstand', an infrastructure of locally or family-owned SMEs, locally and ethically-focused banks, and traditions of socially-responsible capitalism investing in the local area. The Berkshires also has locally-owned banks which pride themselves on being close to their customers. Other places in which local currencies have proved less successful do not have such a locally-owned productive base, or locally-owned financial institutions. In Lewes, the perception amongst business owners who accepted the currency and activists alike was that a small town had shown itself to be too small a monetary space to facilitate either effective local circulation or generate to new local production. As a business owner and keen Lewes Pound advocate in Lewes put it:

> "I'd like to see a Sussex Pound. Making it just Lewes has made it quite hard, but although there are ninety odd places that you can spend it with, that's one of the most common questions is 'where can we spend them?' and you spend half the time saying 'here, here and here' and you generally find a few shops that everybody will use. That's one of the key problems with it. If they expanded it and made it go further, it would encourage more."

Perhaps the lesson from the Chiemgau is that many of the small Transition Towns in which these currencies have been pioneered are too small to support enough local production in which a local currency could successfully circulate.

Tensions.

Local currencies then have worked as tools to create visions of a local economy and reveal the extent that and area has an endowment of local production by locally-owned businesses, supported by local finance institutions. But can they help an area that does not have this endowment to *create* the sustainable, convivial local economies that activists aspire to? Activists argue that the specific contribution of local currencies to the construction of convivial, sustainable local economies has yet to be demonstrated and that the prefigurative local currencies currently in circulation are early iterations of something that they hope will be more substantial in the future. They serve as experiments or niches in which innovation takes place (Seyfang and Smith, 2007). The experiments show that a local currency can be taken seriously and not collapse overnight in a hyperinflationary spiral. In time, when confidence in the local currency is solid, they can be used to provide start-up capital for new local businesses, perhaps in partnership with other locally-owned financial institutions, thereby deepening the extent of the locally-owned, ethical community economy.

The issue to be grappled with is that this is time consuming, and takes compromise and a spirit of engagement from both businesses and activists. Ensuring that the interests and values of business owners, consumers and activists are aligned can be a complex

negotiation. People can be very resistant to the resubjectification of a key institution like money, as an organiser of BerkShares reported:

> "It's a new thing. I didn't anticipate how deeply ingrained people's financial habits are. … those who feel kind of proud that they are secure and have 'made it' … they'll walk up behind me in a store that takes BerkShares, and they are flipping out their credit card. … BerkShares is a challenge to their whole way of living and they don't want to be challenged to the point that they are actually furious at it. … I totally wasn't expecting that."

In this context a restaurateur whose business model was built on the added value of selling high quality locally-sourced food to high income weekenders from Boston and New York City reacted strongly against something that made this more difficult:

> "it *penalises* small businesses. … 'I have a choice. I can buy bread from this local organic bakery that makes terrific bread, and is actually quite a bit more expensive. I actually pay a premium on many occasions to buy what I see as valued products from local producers. I understand that small farmers can't compete with standard industrial stuff, so I'm willing to pay them a premium. And the idea that local businesses should take a discount for providing premium services, I think is fallacious. I'm not in competition with Macdonalds. And people who come here know that I support local farmers and they are willing to pay."

Further, he argued:

> "I contrast BerkShares with another organisation which I think pursues these goals without the currency part of it, Berkshire Grown, which is about getting farmers and

> restaurateurs together to communicate, support each other. … That (organisation) increases the communication, and it increases local agriculture and the connections between them. And that is done with dollars. These people prefer to use dollars."

The disconnect between vision and concrete reality could lead to a slightly antagonistic relationship between local business people and local currency advocates. The success of local currency experiments is dependent on the participation of and buy in of local business people whose livelihoods depended on the success of their business, and who are not central to making work. They could be unenthusiastic participants in what thye might see as a gamble with their business, an experiment that they might not welcome: one trader in the Berkshires regarded Berkshares as "the cost of doing business in Great Barrington". The tension was well summarised by the slightly exasperated response to complaints about the Lewes Pound of a community currency organiser, who argued that he would like to see the mindset of some local traders moving from "these people from Transition Lewes have done this for me and they need to do exactly what I want them to do" to "this is a fantastic scheme that has been set up *for free*, by the local community, for local traders, what can I do to make sure it really works". The Stroud Pound co-operative was established as a governance mechanism to accommodate divergent needs and aspirations on the part of local businesspeople, the organisers of the scheme, and consumers:

> "What happens is decided by the co-op, by the members. With business, we have to tread a very delicate line between following what they are asking for, and knowing what we actually have to do in order to make it work."

Ithaca, Berkshares and Stroud had formal governance mechanisms in place to manage these tensions, a mechanism lacking in Lewes.

Unless local businesspeople, customers and activists are able to find a sustainable balance between the interest of the different local players, then the currencies can atrophy and die before they have had enough time to develop into strong, independent, accepted means of exchange, disconnected from national currency, that are used to proactively relocalise economies and develop the range and extent of things that are produced locally in places in addition to what can be done with state money alone. Too many even locally-owned businesses who started out as supporters have struggled to use the new local paper currency in practice with the accepted wisdom in these communities where this has happened becoming "nice idea but they don't work", the project of relocalisation utopian. Thus a businessman in Lewes, again one who accepted the Lewes Pound and who could see its value as a marketing tool, was unconvinced by its longer term future:

> "I've known Lewes for 60 years. ... A few years ago even, 30 or 40 years ago, there was more work. So 40 years ago we had two cinemas, the quarry, the iron foundry, two breweries, and Baxters print works, the first colour printers. ... We had the cattle market until 1994, we had agricultural fairs, two or three agricultural dealers. ... There was work. 600 people worked at Baxters. But as Sussex University took a hold the academics moved in, the price of houses moved up, all those things have gradually gone. … Playing 'Mary, Mary Quite Contrary' won't bring it back. It's gone."

He doubted the wider potentialities of a local currency for going beyond supporting town pride and generating local footfall.

Conclusion

Guided by Gibson-Graham's diverse economies perspective, this paper has examined the extent that locally-produced paper currencies can be seen as material alternative economic practices that enable their protagonists go beyond visions, to bring into being that which they advocate. The paper suggests that well organised grassroots actors who take local consumers and business owners with them can produce well designed - in fact rather beautiful – alternative currency notes that convey messages about and visions of a sustainable locality. Businesses can accept and recirculate these notes at moderate volumes, perhaps seeing them as useful promotional tools, instilling local town pride and facilitating footfall in the face of competition from the big boxes – which is a perverse outcome for critics of consumption. More positively, a diverse economies perspective helps identify examples of local businesspeople who are also signed up to the project of building a stronger, sustainable, locally-owned economy that might be built with a resilient, long standing local currency. They are not all exploitative, desiccated, capitalist profit maximizers. They can be partners in a shared vision.

However, material practices matter. Businesses whose customers purchase large volumes of non-discretionary low priced everyday items that are not produced locally may find themselves taking in local currencies in large volumes which they can be unable to recirculate. They can be reluctant to actively find ways to spend this currency with their suppliers. They can refuse to participate in the experiment, or join but get fed up and leave. Confidence in the currency can be shaken, and it can weaken and die. Only in the Chiemgau, where there are large numbers of local suppliers in place before the advent of

the local currency experiment does this circulation seem to work in more concrete ways. Chiemgauer users can choose to consume locally and ethically produced goods and services, and purchase them using a local currency. Objections can legitimately be made that the Chiemgau represents a specific example of a local economy in a wealthy area with strong local financial institutions and a Mittelstand of local businesses. The other local currencies examined in this article are less extensive, and more experimental and prefigurative than concrete.

Thus what is not yet demonstrated is the capacity of grassroots actors to use these currencies to materialise their visions of a convivial localised economy by *extending* the range of locally produced goods and services available. As tools for material changes in the way production and consumption work in local communities, as tools for activists to decide what they want to produce and consume, the effectiveness of community-created paper currencies has yet to be demonstrated. Having reviewed the performance of local paper currencies, activists are now exploring the potential of local electronic currencies that, they argue, may work better alongside widely electronic technologies of modern retail (North and Longhurst, 2013). Given that electronic currencies need the back up of complex technological systems only owned and controlled by large financial institutions, the alterity of electronic currencies and their contribution to the creation of alternative economic spaces is challengeable.

Given that local paper currency experiments have shown that large numbers of seemingly local businesses produce very little of what they sell locally, perhaps local currency activists need to spend more time going beyond mapping and manifesting existing locally-owned economic resources, to identify what we want to produce and consume

locally, rather than continuing to bridge to discourses of support for local business people in instrumental ways. A stronger methodology for deepening the community economy using a local currency to manifest the resources a community has, involving ethical local business, exposing exploitative local businesses, and deepening the range of what is produced locally in ethical ways, needs to be developed. At present, given the variable performance of alternative currencies in their existing form, outside our metaphorical countercultural ten square miles the heavy artillery of cheap commodities still dominates. This is an issue to grapple with.

Bibliography

Aldridge, T and Patterson, A (2002) LETS get real: constraints on the development of Local Exchange Trading Schemes. *Area* 34**:** 370-381

Amin, A, Cameron, A and Hudson, R (2003) The Alterity of the Social Economy. In Leyshon, A, Lee, R and Williams, CC (eds) *Alternative Economic Spaces.* London: Sage

Bailey, I, Hopkins, R and Wilson, G (2010) Some things old, some things new: The spatial representations and politics of change of the peak oil relocalisation movement. *Geoforum* 41**:** 595-565

Collom, E (2005) Community currency in the United States: the social environments in which it emerges and survives. *Environment and Planning A* 37**:** 1565-1587

Cox, K and Mair, A (1988) Locality and community in the politics of local economic development. *Annals of the Association of American Geographers* 78**:** 307-325

Dauncey, G (1988) *Beyond the crash: the emerging rainbow economy.* London: Greenprint

Douthwaite, R (1996) *Short Circuit: Strengthening local economies for security in an uncertain world.* Totnes, Devon: Green Books

Engels, F (1892/1968) *Socialism: Utopian and Scientific.* London: Lawrence and Wishart

Fickey, A (2011) 'The Focus Has to be on Helping People Make a Living': Exploring Diverse Economies and Alternative Economic Spaces. *Geography Compass* 5**:** 237-248

Fuller, D, Jonas, A and Lee, R (eds.) (2010) *Interrogating Alterity: Alternative spaces of economy, society and politics,* London: Ashgate

Gibson-Graham, JK (1996) *The end of capitalism (as we knew it): a feminist critique of political economy.* Oxford: Blackwell

Gibson-Graham, JK (2006a) *The End of Capitalism (as we knew it): a feminist critique of political economy.* Minneapolis: University of Minnesota Press

Gibson-Graham, JK (2006b) *A Post Capitalist Politics.* Minneapolis: University of Minnesota Press

Gibson-Graham, JK (2008) Diverse economies: performative practices for `other worlds'. *Progress in Human Geography* 32**:** 613-632

Gibson-Graham, JK, Cameron, J and Healy, S (2013) *Take Back the Economy, Any Time, Any Place* Mineapolis: University of Minnesota Press

Gibson-Graham, JK and Roelvink, G (2010) An Economic Ethics for the Anthropocene. *Antipode* 41**:** 320-346

Hopkins, R (2008) *The Transition Handbook: from oil dependency to local resilience.* Totnes: Green Books

Jacob, J, Brinkerhoff, M, Jocvic, E and Wheatley, G (2004.) HOUR town: Paul Glover and the genesis and evolution of Ithaca hours. *International Journal of Community Currency Research* 8

Jacobs, J (1984) *Cities and the Wealth of Nations: Principles of Economic Life.* London: Penguin

James, C (1938/2001) *The Black Jacobins: Toussaint L'ouverture and the San Domingo Revolution* Harmondsworth: Penguin

Jonas, A (2010) 'Alternative' This, 'Alternative' That ... : Interrogating Alterity and Diversity In Fuller, D, Jonas, A and Lee, R (eds) *Interrogating Alterity: Alternative Economic and Political Spaces.* (pp pp3-30). Farnham: Ashgate

Kelly, P (2005) Scale, power and the limits to possibilities. A commentary on J.K. Gibson-Graham's "Surplus Possibilities: Postdevelopment and Community Economies". *Singapore Journal of Tropical Geography* 26**:** 39-43

Kennedy, M (1996) *Interest and inflation-free money.* Philadelphia PA: New Society Publishers

Longhurst, N (2010) The Totnes Pound. In North, P (ed) *Local Money.* Totnes: Green Books

Mason, K and Whitehead, M (2012) Transition Urbanism and the Contested Politics of Ethical Place Making. *Antipode* 44**:** 493-516

Maurer, B (2003) Uncanny exchange: the posibilities and failures of 'making change' with alternative money forms. *Environment and Planning D: Society and Space* 21**:** 317-340

Mitchell, S (2006) *Bog-Box Swindle.* Boston: Beacon Press
Mundell, R (1961) A Theory of Optimum Currency Areas. *American Economic Review* 51**:** 657-665
North, P (1998) LETS, Hours and the Swiss Business Link: local currencies and business development programmes. *Local Economy* 13**:** 114-132
North, P (1999) Explorations in Heterotopia: LETS and the micropolitics of money and livelihood. *Environment and Planning D: Society and Space* 17**:** 69-86
North, P (2005) Scaling alternative economic practices? Some lessons from alternative currencies**.** *Transactions of the Institute of British Geographers* 30**:** 221-233
North, P (2006) *Alternative Currencies as a Challenge to Globalisation?: A case study of Manchester's local money networks.* Aldershot: Ashgate
North, P (2010a) Eco-Localisation as a progressive response to peak oil and climate change - a sympathetic critique. *Geoforum* 41**:** 585-594
North, P (2010b) *Local Money.* Dartington: Green Books
North, P and Longhurst, N (2013) Grassroots Localisation? The Scalar Potential of and Limits of the 'Transition' Approach to Climate Change and Resource Constraint. *Urban Studies* 50**:** 1423-1438
North, P and Scott Cato, M (2012) A suitable climate for political action'? A sympathetic review of the politics of transition In Pelling, M, Manuel-Navarrete, D and Redclift, M (eds) *Climate change and the crisis of capitalism: a chance to reclaim self, society and nature.* (pp 99-113). London: Routledge
Pacione, M (1997) Local Exchange Trading Systems as a Response to the Globalisation of Capitalism. *Urban Studies* 34**:** 1179-1199
Samers, M (2005) The Mypoia of "Diverse Economies", or a Critique of the Informal Economy. *Antipode* 37**:** 875-886
Schroeder, R (2006) Community Exchange and Trading Systems in Germany. *international Journal of Complementary Currency Research* 10
Seyfang, G (2003) Growing cohesive communities one favour at a time: social exclusion, active citizenship and time banks. *International Journal of Urban and Regional Research* 27**:** 699-706
Seyfang, G and Smith, A (2007) Grassroots innovations for sustainable development: Towards a new research and policy agenda. *Environmental Politics* 16**:** 584 - 603
Shuman, M (2001) *Going Local: Creating Self Reliant Communities in a Global Age.* London: Routledge
Simms, A (2007) *Tescopoly.* Constable: London
Thiel, C (2011) Complementary Currencies in Germany: the Regiogeld system. *International Journal of Community Currency Research* 15**:** 17-21
Williams, CC (1996) Local Exchange Trading Systems: a new source of work and employment? *Environment and Planning A* 28**:** 1395-1415

[i] See http://www.lightlink.com/hours/ithacahours/otherhours.html
[ii] See www.Chiemgauer.info
[iii] Thanks to Katinka Weber for research support in Germany
[iv] Ithaca's dilapidated downtown.
[v] HourTown Issue One, November 1991.