

Scaling alternative economic practices? Some lessons from alternative currencies.

Paper submitted to “Transactions of the Institute of British Geographers”,

September 2003.

To cite, please visit the final version of this paper:

North, P: 2005: ‘Scaling alternative economic practices? Some lessons from alternative currencies.’ in Transactions of the Institute of British Geographers, vol 30/2, pp 221-233.

<http://onlinelibrary.wiley.com/doi/10.1111/j.1475-5661.2005.00162.x/abstract>

Peter North
Department of Geography
Roxby Building
University of Liverpool
Liverpool
L69 8TZ

P.J.North@liverpool.ac.uk

0151 794 2849

Scaling alternative economic practices? Some lessons from alternative currencies.

Abstract: This paper engages with recent discussions of the construction of scale and the limits to the openness of scalar construction through an analysis of attempts to construct humanised, localised economies using local, alternative and complementary currencies like LETS in the UK, Barter Networks in Argentina, and Green Dollars in New Zealand. Conceptualising local money as attempts at localist rescaling driven by actors with ecological moral geographies, the paper discusses the effectiveness or otherwise of these scalar political interventions and draws light on the extent that scale can be constructed from below by subaltern groups.

Keywords: Scaling, Local Economies, Structuration, Localisation, Local Currencies.

Introduction

In the wake of the 1987 stock market crash, Guy Dauncey published what became for many an inspirational book called “Beyond the Crash: The emergence of the Rainbow Economy” (Dauncey 1988). In a populist and accessible style, it examined a range of localised economic initiatives being promoted by environmentalists from participatory project development to local business networks, local banks, credit unions and community land trusts. One chapter, entitled ‘a harbour in the storm’ pointed to the potential of community created local currency networks such as Canada’s Local Exchange Trading System, or LETSsystem, to help survive a perceived imminent financial crash. Dauncey wrote:

“The LETSystem seems to be an idea whose time has come. Global crash or no global crash, local communities have much to gain by establishing their own systems. It offers a return to the values of community in which we care for each other and support each other. It enables local people to develop their skills, make new local contacts and to get on with their lives without necessarily having to depend on a ‘proper job’. It provides a boost to the vitality of local economies hard hit by unemployment or recession. And it provides a secure basis for local economic self-reliance and sustainability. In the event of a crash, a thriving local LETSystem would enable a community to keep trading through the storm. The LETSystem is an important component of the economics of love, which can be the only kind of economics for a fragile and much loved planet (Dauncey 1988:69).

Since the early 1990s, alternative currency schemes, attempts to build these local harbours in a storm, have sprung up with varying levels of success in countries from Argentina to Zimbabwe. This paper examines the success of these attempts at constructing localised economies that can be conceptualised as active attempts at localist *rescaling*, developing a localised ‘politics of scale’ to counter globalising processes. I examine recent debates on scalar production to examine both how these recent geographical writings might help explain the scales that community currencies have developed; and what community currencies, as an attempt at local rescaling from below, tell us about the ability of subaltern groups to create scales they find ethically appropriate. It builds on research on local currencies in the UK, Canada, New Zealand, Argentina and Hungary undertaken by the author over the last ten years.

The construction of scale.

In a series of recent exchanges, geographers and others have been concerned with the *production* of scale from the level of the body through the household, the urban/local, through the regional to the national and global. Recent papers have argued that it is inadequate to view scales as set, solid, hierarchically nested; rather, they are actively produced by conscious political, cultural and economic actors (Delaney and Leitner 1997) acting through relational networks constructed at a variety of spatial scales (Massey 1992). Actors engage in ‘rescaling’ processes, whether to defend ‘locality’ (Escobar 2001) or ‘community’ (Imbroscio 1997) or employment rights and livelihoods (Castree 2000) against globalisation or from the other side, the powerful use a ‘spatial fix’ to move production from areas where successful working class resistance has secured higher benefits for working people at the expense of profits (Harvey 2001:324-44).

This rescaling can be at a rhetorical level as actors make claims as to the value of specific scales (usually local/good, global/bad), but also at an agentic level as through their actions, actors *create* scale by developing economic, social and political networks at particular scales be they business networks (Murdoch 1995), political or social movement organisations (Miller 2000), or other ‘communities of interest’ composed of networks of people with similar cultural or other interests. These networks operate on a spectrum from the spatially diffuse to the geographically concentrated, often operating simultaneously at a variety of scales in what Castells (1997) calls ‘the network society’. Scales are plural (Brenner 2001), and are influenced by each other. A variety of actors construct scale, be they state and non-

state actors, global financial elites, and local community or environmental organisations. As these scales are constructed from the local to the global at the same time, they are, for Swyngedouw (1997), both global and local, or *glocal*. All these approaches take a constructivist approach, seeing scale not as given, but as created. It is not something to be discovered, but created through processes of structuration.

Amin (2002) argues for a 'heterotopic' conception of place which emphasises its network form, 'a topology marked by overlapping near-far relations and organisational connections that are not reducible to scalar spaces' (p386). For Amin, scalar analysis too often privileges one scale or another, looks too close to a 'nested', hierarchical analysis, suggesting that the global and the local can be distinguished from each other, whereas he argues that, following the writings of Massey, Harvey and Thrift, place, space and time should be seen as "co-constituted, folded together, produced through practices, situated, multiple and mobile non-linear, non-scalar". The emphasis should be on the folds and undulations of place rather than "a priori assumption of geographies of relations nested in territorial or geometric space". Thrift argues for a conception of place as "made up of billions of ... encounters ... consisting of multitudinous paths which intersect", places "as dynamic, as taking shape only in their passing" (Thrift 1999). But Amin also argues that space should not be thought of as "amorphous and evanescent", or a "dematerialised" "space of flows". Rather, emphasis needs to be put on the diversity of relations that construct space, be they "discursive, emotional, affiliation, physical, natural, organisations, technological, institutional" (Amin 2002:389). This work then suggests that the processes of scale creation are diffuse, multiple, and thus larger numbers of people will have access to scale construction, not just the powerful. The effervescent

connections of subaltern groups are as important for scale construction as, say economic forces controlled by business elites. Scale construction is relatively open.

While no one argues that there are no limits to the construction of scale, and it is accepted that scale is “a contingent outcome of the tensions that exist between *structural forces* and the practices of human agents” (Marston 2000:220, my emphasis) while Swyngedouw (1997:169) argues that scale is the “embodiment of social relations of (both) empowerment *and disempowerment*”, the tone of Amin and Thrift’s work, in line with recent geographical emphases on post structuralism, has tended to de-emphasise the limits and emphasise the construction of scale to the extent that we may be over-emphasising the ability of actors to create their world through scalar activities. In reality their space for action is far more contained by elites. Not all actors can create desired scales given restrictions from more powerful actors, networks and scales, not to mention economic, social and political processes. This suggests that there are limits to the capability of actors to create scale, and that given these limits, one scale might affect decisions in another to such an extent that actions in it might be better thought of as being ‘contained’ at that scale. Yes, there is resistance, but some actions are structured by actions at different scales.

Actors have limited rhetorical, organisational and financial capabilities. Through processes of rescaling, they aim to gain more resources by making demands, developing new organisational approaches, new networks, access to new forms of finance; but this will be resisted in processes of structuration. Demands will resonate at some scales, not at others and actors will be more or less successful at reframing arguments so they connect more effectively at different scales. For example, Castree

(2000) argues that in their dispute the Liverpool Dockers organised effectively at local and global levels, developing dense local networks of support and international solidarity that enabled them to maintain their struggle for 5 years; but could not win arguments at a national level where decisions about dock workers' conditions of employment were made. In contrast, Sadler and Fagan (2003) argue that Australian trade unionists in a similar position were more effective at organising at this national scale. This suggests that while it has rightly been argued by, for example Brenner (2001) that no scale is always decisive, in specific conditions organisation and rhetoric aimed at one scale might be more effective than one aimed at a scale where the desired outcomes cannot be realised. Local and global networks cannot make the changes to dockworkers pay and conditions when these are set at a national level. They can influence the decision, put pressure, attempt themselves to structure the decision, but they may not be successful. Also important is the extent that these disputes generate new transnational support networks and the extent that this international solidarity reconfigures dockers' conceptions of themselves as workers in a local dispute to seeing themselves as part of an international movement addressing issues common to many port cities (Featherstone 2004, forthcoming)

The task then is perhaps to re-connect to materialist political economy to emphasise that at times one scale – the world or global economy scale, or the national, state building scale - 'really matters' when counterpoised to local struggles as it is at these scales that capitalist accumulation or the national state is organised and which structures (but does not determine) spaces at other levels – the urban, the local, the household, the body (Taylor 1982). This is not to say that we should forget that there is no hierarchy, that space *is* constructed from a relational mix of scales from the body

to the global (Taylor 1999) but to remember that networks at some scales have more influence than others. While it is important to recognise that this may be a contingent result of a challengeable scalar political opportunity structure, perhaps some scales are less open to contestation than others; especially those networks of international financial and geo-political domination.

This approach would be too closed, too close to a Foucauldian web of domination which fatally underestimates agency if we did not also remember that Smith is right to argue for a place for subjectivity in scalar construction (Smith 1992), and to take this forward by showing how structuring processes actually happen when political actors do act. We therefore need to examine how subaltern groups do, *or do not*, have agency at what scales in more detail, building on work which has examined the scalar politics of the peace movement, (Miller 2000), trade unionists (Castree 2000, Sadler and Fagan 2003, Herod 1997) and the counter globalism movement (Routledge 2003; Featherstone 2004 (forthcoming)). This will examine how local environmental actors have attempted to act on strategies whose 'politics of scale' is the active construction of localised economies, from below (Dauncey 1989; Douthwaite 1996; Hines 2000) using local money schemes to create localised trading networks.

Conceptions of 'alternative', 'local' and 'complementary' currencies.

There is both a bewildering variety of models of non-state issued currencies, and of differences in conceptualisation by those who organise them as to the extent that they are explicitly 'local', 'alternative' or 'complementary' currencies in terms of scale. They go by different names in different countries. In the UK, Local Exchange

Trading Schemes, or LETS, are essentially trading networks using a form of local currency (Thanks in Bristol, Brights in Brighton, or Bobbins in Manchester). To establish a LETS scheme, a directory of services provided by network members is put together and members trade with each other using this local currency in the form of a local cheque book. Accounts are kept on a usually on a computer, and start with an opening balance of zero. To commission work, a credit is simply created to pay for that work through the writing of a cheque, backed by a 'commitment' from the issuer of the cheque to earn, at their later convenience, credits from someone else that will return their account to zero. Secondly, a virtual currency builds on one-to-one barter in that reciprocal exchange is not required. For example, a trader gets another trader to give him a lift, and earn the currency back by providing other traders with childcare and help decorating. Finally, everyone's balances and turnovers are publicly available to ensure trust and regulation between members. That is the heart of LETS - a virtual currency, a chequebook, a directory, and an open accounting system based on trust and community regulation (Dauncey 1988:50-70, (Dobson 1993; Lang 1994; Linton and Soutar 1994). Currency schemes based on the LETS design can be found in the UK, Canada, New Zealand, France, Germany and Hungary (see North 2002). In the UK, the LETS model has been largely overtaken by Time Money, with a currency denominated in hours and with trade facilitated not through a directory, but through a broker who arranges for services to be provided by contacting participants by telephone (Seyfang 2002).

The scale of these currency schemes varies massively from small groups of 10-15 people in a small community trading babysitting and odd jobs up to the larger, more successful programmes involving 200-300 in a town or city (for example Stroud,

Brighton, Bristol) where a larger range of services are available. Williams, Aldridge et al. (2001) undertook the most comprehensive survey of LETS in the UK to date, which identified 303 LETS in the UK in 1999 (rather than the 400-500 often claimed by the peak organisation, LETSLink UK) with a mean membership of 72 members. The world's largest known LETS was Auckland green Dollars, New Zealand with over 1000 members in the 1990s through a programme organised by a community-based NGO, Auckland People's Centre which provided automatic membership of Green Dollars alongside cheap health and social services in the context of New Zealand's severe welfare cuts (North 2002).

A typical larger local currency system would be Manchester LETS (UK). Its growth trajectory well illustrates how these networks come together and coalesce around a particular scale, here an English industrial city. Manchester LETS was founded in November 1992 with 120 members and quickly grew to be one of the largest in the UK as a result of growing interest in LETS across Manchester amongst four interconnected networks of individuals based around Quaker meetings and the Labour Party; a second group focused around Manchester Green Party; and a third network interested in DIY ('Do It Yourself') projects, the myriad of single-issue social change and protest projects such as urban agriculture, anti-roads protest, food co-operatives and communal housing experiments (Berens 1995; McKay 1996) that were widespread in the early 1990s. Others were interested in conflict resolution, 'community building' (based on the work of the American social change theorist M. Scott Peck) and counselling. The final network was circle dancing. Thus LETS in Manchester emerged from a dense network which came together as activists connected to each camp identified commonalities in plans and decided that one larger scheme would be more effective than a series of small,

perhaps competitive schemes, duplicating effort. In effect, LETS made these networks visible, codified them, and fashioned a counter cultural mutual aid network from previously unconnected networks. At its height, Manchester LETS was a vibrant and successful system with 450 members and a turnover of 183,842 Bobbins (valued at parity with sterling) in the three years to October 1995. Of the 550 members, 142 had a turnover of over 160 Bobbins, and the highest individual turnover was 4886 Bobbins. Membership declined through the 300s in 1996 to 250 in 1998, 199 in 1999 to 125 in September 2001.

An alternative currency design is the paper based 'hours' approach found in the United States (Glover 1995), or the extensive Argentine barter networks (Primavera, De Sanco et al. 1998; Ramada 2001; Pearson 2002). Community-produced 'banknotes' are issued to users who then spend them wherever they are accepted. In Ithaca and similar places in the US, this will be with local merchants (Ithaca Hours has about 350 members), while in Argentina trade takes place through markets that involve literally thousands (if not millions) of participants. Finally, the Swiss 'business ring' ('wirtschaftsring', or 'wir') is a parallel currency involving over 70,000 small and medium business participants with a turnover up to 1996 of 2521 million 'wir' units, equivalent to Swiss Francs (Douthwaite 1996:100; North 1998). After making a cash deposit, participants receive an interest free credit in 'wir' of five percent of their deposit, and they can then trade these 'wir' units, which like LETS units have no corporeal existence beyond a balance in an account, with other participants. Alternatively, they can negotiate further credits as working capital on offering sufficient collateral. Unlike LETS, 'wir' involves businesses.

Local currencies are set up by activists with a specific moral, or ethical geography (Lee 1996). They are looking to rescale economic activists into a scale they find morally or ethically appropriate. A discussion of scale will firstly explore in more detail the rhetorical spatial scale that participants have in mind, whether this be a momentary effervescence or the creation of larger, more sustainable economies operating over cities or regions. How do they create, shape scale? What designs of currency work best at what scales? Are there any scales that activists are unable to create as there are actors with power that stop them by acting or not acting? How do others shape scale in ways that mitigate against the actions of local currency entrepreneurs? Secondly, and connected to the above, is the question as to at which spatial scales which particular designs of local currency can most effectively operate, thereby creating the widest possible space under which the alternative rules about money and livelihood can operate involving access to the widest range of goods and services by the largest and most diverse group of participants. I therefore examine attempts by some whose moral geography is at a larger scale to rescale local currencies at a regional level.

Scale and local currencies.

Little has been said in detail about the scale of these alternative currencies. They have been described as lifeboats against globalisation developed by the marginal in spaces losing out given the uneven development of capitalism (Pacione, 1997), as attempts at local re-embedding against global disembedding (Thorne 1996) , as “locally defined systems of value formation and distinctive moral economic geographies” (Lee 1996:1377); as micropolitical challenges to capitalism (North 1999a) or as eco-

socialism (Bowring 1998). Within a wider discussion of the social construction of space and time, (Harvey 1996):237-238) mentions LETS as an “interesting example of a set of social practices ... to create a certain kind of money that embodies a different kind of socio-temporality than that experienced in the world market,” (p238), but he does not elaborate on the specifics of scale. In all the analyses above, including my own, the ‘local’ has rather been taken for granted, contrasted with hyper-real, place-free global finance (Leyshon and Thrift 1997). While Lee (1996:1388) suggests that local currencies work best “in a geographically well-defined geographical centre of consciousness than in more diffuse rural areas, suburbs or edge of town estates”, and Thorne (1996) suggests that co-presence between potential trading is necessary, the geographical scale of this challenge to global finance is not elaborated.

Elsewhere (North 1999a: 71-74) I developed a four part typology of LETS as a heterotopian phenomenon. I argued LETS operates firstly as a hetero(genious ut)opia in that it is a space in which multiple claims about money and livelihood are raised by individual participants, who then interact with each other as they try to negotiate trades using widely divergent methods of exchange. Contrasting values of money and livelihood held by different participants within the network, with no single value-claim being successfully imposed on other network members results in LETS as a heterotopia as a *multiple space*. Secondly, I addressed the extent that LETS is a resistant, *temporal space* that enables alternative livelihoods to be created *alongside* the mainstream rather than going *beyond* or replacing it, and which operates for a sustainable length of time by these changed rules. Heterotopia might then mean the existence of multiple, temporally lasting alternative economic spaces, alongside each

other, operating by different rules. Thirdly, I examined the extent that if the transformed codes that members create are realisable only fleetingly, then LETS is an *effervescent space*: a fleeting liberation, effective only "below the threshold where the systematic imperatives of power and money become so dominant" (White 1991:67, quoted by (Harvey 1993:54). Fourthly, I examined the extent that above that threshold, LETS is an '*impossible space*', a declaration of resistance, a vision of an alternative, but unrealisable if inspiring *utopian space*. I argued that in LETS members had developed a liberatory technology that did enable them to engage in significant economic and political activity, restricted by their exclusion from access to large scale economic resources.

The above formulation is useful as a tool for examining the political strategies adopted by explicitly countercultural or anarchist participants in LETS, but for a consideration of scalar construction it is too temporal. It focuses on the extent that LETS schemes enabled participants to resist capitalist commodification and develop alternative relationships governed by codes developed from below and *for any length of time*, but it does not examine the potentiality of community-created currencies for doing what activists hope they will do, i.e. reconfigure economic space by rescaling market economies that are thought to be unsustainably global and inhumane (as E.F Schumacher would have put it) into localised, small scale, ecologically sustainable, humane economic networks. To take these ideas further, more attention to space and scale is necessary. As *local* currencies, they have a specific geographical, scalar component that has yet to be fully explored. Following Cohen and Arato (1992) conceptualisation of social movements, I show that the community-created currency movement can best be conceptualised as a heterogeneous movement, a contested space

in which a range of political perspectives are identified with differing politics of scale. Specifically, what conceptions of scale do activists in the community currency movement have; and how effective are their strategies for rescaling economic activity toward the local? Are there economic networks that are more open to rescaling than others? If so, why is this?

By scale I follow Marston (2000) in seeing scale as different to place, being concerned primarily with the size of the community currency programme both in terms of space it covers and the number of people involved, the level of participation, and relation with the market economy. So scale is both place (what does the area the scheme covers look like?), space (its geographical coverage) and the nature of the physical, cultural and economic environment within which it interacts.

Local currencies as localist rescaling.

There are three conceptual scales developed by activists for complementary currencies. At one extreme some hold complementary currencies to be value-free tools with no particular or appropriate scale, which will be used by businesses at whatever scale suits. An example would be the extensive use of barter by enterprises with restricted access to currency in transition economies (Ledeneva 1998; Seabright 2000; Nesvetailova 2004, forthcoming). They have no commitment to the local. They argue that given the crisis-prone nature of capitalism, radical surgery is required and this can only be done at a large scale, be this international, national or regional. At the other end of the spectrum are green anarchist radical localisers who follow a social change strategy that is inspired by classics of anarchist thinking from writers such as Ward (1988) and

Bookchin (1980; 1986; 1995a; 1995b). They favour small schemes operating at the level of the body (likeminded people trading personal services such as acupuncture, aromatherapy, co-counselling) or the level of household economies (the food and clothes traded by participants in Argentine networks). In the middle are the 'greeners' and 'humanisers' who see alternative currencies as agencies for the structuration of economies round the local.

(i) *Large scale schemes to survive financial crisis.*

Many complementary currency activists are inspired by strong concerns about financial crisis, emanating firstly from the 1987 Black Monday crash and the UK's 1992 ERM debacle through what advocates called the 'triple whammy' of the Russian and East Asian collapse, projected financial turmoil as a result of the failure of the Euro, and widespread disruption from the year 2000 'Millennium Bug'. National currency - automated as it is - would no longer be available as the big systems break down, and a new form of exchange would be required. Secondly there would be a renewed demand for more local produce as international trade broke down. In the face of extreme societal crisis alternative currencies would be necessary for the reconstruction of society. In the face of such widespread need, they argued, small, local schemes would be inadequate. Larger groups of people will need to be connected through local currencies at least at a regional level:

"LETS get down to business. LETS systems for small subsets of society may be warm and cosy, but they won't do much to protect us when the great economic meltdown comes along. We need changes in the mainstream economy if we are

to survive at all. And we are only going to make the necessary difference in how the economy works when a major proportion of the local population is involved. The general public will only take interest when they can buy groceries, clothes, dental services, restaurant meals etc. in the local money. So we need to bring business into LETSsystems." (Linton and Soutar 1994a: 3)

For these advocates, what is important is getting a large number of participants to use these currencies so a dense network, with a wide range of goods and services is available rather than insisting that users sign up to any particular, localist agenda or carry out their transactions at any particular scale. This is as small, local currency networks are inadequate given the scale of the problems. Given crisis, what starts off as a complementary currency will need to evolve into an alternative to globalised finance. They therefore see alternative currencies as a 'lifeboat' enabling participants to shelter from the storm of globalisation (Pacione 1997).

To develop this wider, regional network they argue that these currencies are 'complementary' to national money and consequently a value-free innovation with no attached political baggage. They have no values or politics in and of themselves, being but a means of exchange. LETSsystem designer Linton summed up this position:

"This is completely neutral - a bank account.....like store budget vouchers or air miles. Why piss about with all that if we can go to this market? If we can say to people - 'have a card that saves you cash', do we have to educate them, morally? No. Do they have to understand the

system? No. They have to understand that it's saving them cash, and if they understand that, they're happy, and I'm happy."(North 1997:235)

While the concerns of currency activists in the global north proved overblown, this was not the case in Argentina where the feared financial collapse did arrive in December 2001 (Dinerstein 2002; Rock 2002). Bank accounts were frozen, savings were confiscated, and alternative currencies became fundamental for survival and millions literally survived financial meltdown through barter (Norman 2002; Pearson 2002), North and Huber 2004, forthcoming). Interestingly, the Argentine systems were not 'small and cozy' as activists looked to involve large numbers of participants to facilitate survival in a crisis situation, and de emphasise the local as small scale, perhaps reactionary, perhaps inefficient. Argentina's barter networks linked up households through weekly markets whereby people could get primary produce (food, clothes) to enable corporeal survival. It was possible to spend barter credits earned in one place all over Argentina, and in peri-urban Buenos Aires food was trucked in from the hinterland. Argentina showed that alternative, household-based non-local currencies could make the difference in extreme economic circumstances, but while the non-local nature of the Argentine currency networks was a strength, as we see below it was also fundamental to its eventual downfall.

Other attempts to develop complementary currency networks out of the very local scale include New Zealand's Green Dollar Connections, which facilitates and manages trade between Green Dollar Exchanges at a national level on a geographically isolated and relatively contained island state thus enabling a greater range of goods to be accessed for local money. At a regional level, six Bristol schemes, and a number of

schemes in the English south-west peninsular have agreed a process of inter-trading, essentially an agreement to peg local currency rates at parity and, through a managed transfer mechanism, to accept each others currency. Both these exchange rate processes seem to work without any large scale flows from one locality to another.

(ii) *Localisation through scalar structuration - 'greening' and 'humanising' economic relations.*

Other advocates argue that if alternative currencies do not contribute to an environmentalist, localising strategy, they have no value. Localising advocates argue that community based currencies that are not transferable out of a specific geographical area are tools for actively localising economies, particularly through the involvement of local small businesses through what is essentially a process of local structuration. Local structuration, it is argued, occurs as businesses that use local currencies will find they are structured into localised relations as they will find that while there will always be people willing to spend local currencies with them, to pass these local units on they will need to seek out local suppliers who also accept the local currency. They will have to pay close attention to the needs of and the quality of their relationships with these other local businesses, as there are few pressures to compel anyone to accept relatively unlimited local currencies whereas national currency is limited. The disciplining effect of limited money is stronger than for those forms of money that are easier to come by. Local money is attractive as it is relatively unlimited, but the result of its relative accessibility there is less pressure to force people into an exchange relationship with which they are unhappy – they can easily access local currency from a more convivial source. Thus, it is

argued, local currencies actively *create* local scale, humane economies by rewarding those who build these localised networks.

Local currencies structure local connections by encouraging the recycling of resources, act to slow growth by encouraging participants to question the need for certain economic activity as time needs to be taken to find someone willing to undertake the task for local currency (given the relatively inefficient and undisciplined nature of local currency transactions), and make collectively-owned resources available to all by making available to all members resources that might be privately owned or controlled. As a result there would be communal access to everyday items such as washing machines, garden equipment, tools, computer and printing facilities, leisure equipment, and little need for private ownership of such items. They provide a better means against which to measure real need and real GDP, closely linked to the resources and activities of a community than currency valuations and financial transactions unconnected to observable and grounded economic activity.

More strongly, it is argued that localised economies are more resilient in the face of external shocks such as currency fluctuations, and less vulnerable to investment decisions made elsewhere, be these plant closures or interest rate decisions to cool an economy in one region at the expense of others. This is as community currencies are designed using certain attributes which greens identify from the natural world (Dobson 1990:24), which is seen as diverse, sustainable and resilient. In particular, a variety of local currencies mimics nature's *diversity*. Local currencies build *interdependence* by making a community interconnected, each person helping each other, resulting in the greening of society through connection. Finally, local currencies are *resilient*. If one

local currency breaks down, then there is another to take its place. While national economies are reliant on a monoculture of money, there is a danger that if this monoculture breaks down there is no alternative medium of exchange. In Argentina confidence in the nationally accepted note, the Arbolito, eventually also broke down as it lost credibility in the face of inflation, forgery, attacks on the honesty of the organisers, and perceptions that barter was a scam. In one month (November 2002), usage of barter currencies plummeted across Argentina to a fraction of its former level as news of problems with the note spread from region to region, while those barter networks that were relatively isolated by distance or a refusal to use them in favour of local notes did prove themselves better able to withstand the shock. Barter networks are being rebuilt with a bigger diversity of local currencies.

Local currencies can thus be seen as tools for building what Cox calls ‘spaces of dependence’ (1998) where disruptive globalised economic flows are captured and controlled in ways that localisation protagonists feel is more appropriate. The ‘greening’ strategy relies primarily on developing widespread use of local currencies, including use by local businesses. This approach is also a transformative, reformist localising strategy, complementary to the mainstream economy. More radical critics want to go further.

(iii) Subaltern rescaling: radical localism.

A strong inspiration for many local currency users is to see it as part of a more widespread movement for radical localisation alongside other counter-cultural oppositional or alternative milieu such as anti-roads protest, squatting, allotments and urban agriculture, organic growing, food co-ops, credit unions, co-counselling, and

conflict resolution circles. They see a local currency as a scaffold around which a counter-cultural alternative to the mainstream can be built. Alternative currencies can be counterpoised to capitalism, part of a process of developing a network that increasingly enables members to live outside the mainstream economy in the here and now. They are not interested in attempting to get businesses, local authorities, the health service and the like to use these currencies as they don't believe this is likely, and in any case they want to keep a distance from such institutions, stressing self management. They are concerned that in attempting to make local currencies more acceptable to mainstream institutions, activists are diluting its value base. They believe that social change comes from alternative institution building.

They therefore seek to deepen local networks to include more counter cultural institutions rather than widen them by involving more conventional users. They do not see currencies as complementary, but radical, local and alternative. They seek to withdraw from the mainstream rather than green and humanise it. They have no problem with local small businesses using the currencies, but see little likelihood of them being attractive to large business (if it was, they argue, local currencies would be of little countercultural value). They regard it as more important to access quality, naturally produced local food, accommodation, locally produced clothes, arts and crafts and other basics with local currency to minimise their contact with the 'big system', the capitalist economy and the world of work:

"The great thing about LETS is that you can start to live life outside capitalism, outside mainstream work or the dole. ... LETS gives you a way to be part of a wider group and sell your skills"¹.

Thus local currencies are an enclave of freedom:

"I think that it's one of the mechanisms that gets people in touch with other people in a way that they don't need the formal economy, they don't need the banks. They don't need the finance system. So the greater extent that you can meet your needs through LETS, the less you depend on the formal economy."

They value building larger, deeper schemes but in small areas, strengthening community and resisting incorporation. They see communal support growing and growing such that use of local currency is little more than a process of facilitating the development of interpersonal, affective relationships, little more than point-keeping that withers away as people develop communal, mutual aid relationships without the need for currency. They strictly valuing everyone's work equally, and favour an hourly-valued currency, as they think that using a currency denominated in ways similar to national currencies will recreate the inequalities of capitalism. Thus for radical localisers, local currencies are an attempt to develop networks of sustainable self-reliance, a post modern commune that works as an enclave of freedom within capitalism without the commitment of communal living and separation from capitalism. (North 1995).

¹ All quotes unless specified are from members of Manchester LETS, see North (1997)

The effectiveness of community currencies as tools for rescaling.

Where no attempt at rescaling is made, widespread use of barter in Russia and Argentina shows in financial crisis these mechanisms do emerge and that, not being local, they enable large numbers of people literally to avoid starvation. The non-local Russian and Argentine networks can be contrasted with the more localist New Zealand schemes which proved inadequate alternatives in the face of widespread budget cuts in state spending (North 2002). On the other hand, the problems with the spectacular decline of barter in Argentina show that localist concerns for an ecological diversity of currencies proved prophetic.

There is then a strong localising element in community-based currencies. Certainly, the majority of community currency programmes are small scale, local affairs involving individuals, often with an ecological worldview, but also with strong commitments to alternative forms of work and community building. Few schemes involve more than a couple of hundred members, with the exception of Argentina, Russian barter, and the Swiss 'wir'. Members by and large are happy with the size of the schemes although they bemoan the lack of resources available. Practice seems to favour the perspectives of the radical localisers (but see North 1999a for a wider discussion). In spaces like Stroud, Brighton, Bristol (UK), Maleney or the Blue Mountains (Australia) or Ithaca (New York), places characterised by large concentrations of people with radical localist moral agendas, these local currencies do seem to work. If prospective members have a pre-existing moral geography around localisation, then these currencies seem effective ways of organising and making visible

these perhaps hidden and diffuse networks, and enabling those who want to limit their contact with what they regard as a problematic capitalist mainstream more effectively.

There is a scalar problem with the strategy of building deep, localised economies that will structure businesses away from their current ‘unsustainable, exploitative’ ways. As attempts at localist rescaling, they are less effective as with the exception of Ithaca where a particularly charismatic and well-networked individual dedicates his life to ensuring that the necessary connections are built, businesses do not participate (North 1998; North 1999) and the hoped for structuration processes have not taken place. Conceptions of scale help explain why. There is a fundamental conflict between the ethical, affective and political geographies of the local constructed by advocates of local currencies who are looking to construct a contained local economy, and geographical understandings of the local as networked, folded, pleural economies in which place and scale is constructed by the far away as well as the near. Local currency activists see the ‘local’ as containable. They want to capture economic flows – but the economic networks even of local businesses often are not local and cannot be captured. Thus in calling for the local activists promote an economic scale that does not fit with that of the business people they are trying to involve, and they either find the proposals unconvincing or end up with unspendable credits. Their moral geography cuts them off from accessing economic networks that operate at a bigger scale. Local currency networks then stay small, with the exception of Argentina is at a bigger scale as the local is not stressed. But although the networks are small, they are not insignificant. They matter to those who use them, especially at the household scale. There are debates about the extent that the household is a scale (see the debate between (Marston 2000; Brenner 2001; Marston and Smith 2001)).

Local currencies show that given their importance to household budgets (Williams, Aldridge et al. 2001) and their micro political nature (North 1999), the household scale is an appropriate level at which to conceptualise these alternative currency systems and that Marston and Smith (2001) are right to insist on the importance of household economies in any gendered understanding of scale. The scale, then, of local currencies is too small for them to act as hoped, as processes of local structuration.

Conclusion: rescaling economies using local currencies.

To keep wealth local, very few designs of complementary currency actively facilitate the transfer of value out of the locality. While this is fine for a small community-based network exchanging personal or household services, although even then, most studies of LETS find a widespread dissatisfaction with levels of trading (Aldridge and Patterson 2002), the problem here is that access to resources not available locally is thereby restricted, and if too small a locality was chosen the range of services could be very limited indeed. The currency was therefore not attractive to those beyond the politically motivated, joining as economies 'should' be localised rather than to access to a wide range of services per se. If a wider range of services is desired, then participants will need to be able to use local currency to access the economic resources controlled by business. This requires business use of local currencies, which is unlikely if economic activity, particularly that undertaken by businesses, does not go on at the same geographic scale as a local currency.

The question then arises as to whether - as some advocate - the 'local' should be lost and alternative models of complementary currency be adopted, that operate at a larger

geographical scale than the local. The barrier to this occurring is that if this currency operates across a larger geographical scale than the acceptable moral geography of participants they are unwilling to participate in something they believe simply recreates the pathologies of national currencies in that money leaches out of the locality. The Argentine experience shows that perhaps they have a point. As the larger scale does not correspond to their geographical imagination, they put little activity into development of currencies at that scale and come up against limits set by their exclusion from access to mainstream economic resources. The extent that they are able to set scale is therefore limited by the views of those whose resources they need (businesspeople) and by the fact that for many businesses economic circuits are not local in a globalised world.

Where the local has been lost, this 'spatial fix' has made their currency more spendable. Businesses have shown themselves to be attracted to well designed, harder currencies such as the Swiss 'Wir' or Ithaca Hours. There may be a renewed call for 'local' money given that interest rate rigidities in the Euro zone might lead, as local currency advocates argue, to monetary policy being too tight in one region of the EU while at the same time too loose in another. For these currencies, the 'local' would be the regional or the national level when counterpoised to the EU. As this paper has shown, the local moral geographies of the activists who develop many of the pioneering local currency schemes are resistant to the regional scale and are consequently unwilling undertake the necessary development work to see currencies operating at a higher scale and actively attacked those trying to operate at that scale. Advocates of what might be called 'upscaling' have neither the resources nor the promotional skills to organise a regional level currency like Wir that would be taken

seriously by business. Other actors, from mainstream economic development agencies need to take up the baton if complementary currencies are to go up a scale.

Bibliography

- Aldridge, T. and A. Patterson (2002). "LETS get real: constraints on the development of Local Exchange Trading Schemes." Area **34**(4): 370-381.
- Amin, A. (2002). "Spatialities of globalisation." Environment and Planning A **34**: 385-399.
- Berens, C. (1995). Generation X - Do-it-Yourself Politics. New Statesman: 22.
- Bookchin, M. (1980). Toward an Ecological Society. Montreal, Black Rose Books.
- Bookchin, M. (1986). Post-Scarcity Anarchism. Montreal, Black Rose Books.
- Bookchin, M. (1995). From urbanisation to cities: towards a new politics of citizenship. London, Cassel.
- Bookchin, M. (1995). Social Anarchism or Lifestyle Anarchism: an unbreachable chasm. Edinburgh, AK Press.
- Bowring, F. (1998). "LETS: an eco-socialist initiative?" New Left Review(232): 91-111.
- Brenner, N. (2001). "The limits to scale? Methodological reflections on scalar structuration." Progress in Human Geography **25**(4): 591-614.
- Castells, M. (1997). The Power of Identity. Oxford, Blackwell.
- Castree, N. (2000). "Geographic scale and grass-roots internationalism: The Liverpool dock dispute, 1995-1998." Economic Geography **76**(3): 272-292.
- Cohen, J. and A. Arato (1992). Civil Society and Political Theory. Cambridge MA, MIT Press.
- Cox, K. (1998). "Spaces of dependence, spaces of engagement and the politics of scale, or: looking for local politics." Political Geography **17**(1): 1-23.
- Dauncey, G. (1989). Beyond the crash: the emerging rainbow economy. London, Greenprint.
- Delaney, D. and H. Leitner (1997). "The political construction of scale." Political Geography **16**(2): 93-97.
- Dinerstein, A. (2002). "The Battle of Buenos Aires: Crisis, Insurrection and the Reinvention of Politics in Argentina." Historical Materialism **10**(4): 5-38.
- Dobson, A. (1990). Green Political Thought. London, Harpercollins Academic.
- Dobson, R. (1993). Bringing the Economy Home from the Market. Montreal, Black Rose.
- Douthwaite, R. (1996). Short Circuit: Strengthening local economies for security in an uncertain world. Totnes, Devon, Green Books.
- Escobar, A. (2001). "Culture sits in places: reflections on globalism and subaltern strategies of localization." Political Geography **20**(2): 139-174.
- Featherstone, D. (2004 (forthcoming)). "Spatialities of trans-national resistance to globalisation: the maps of grievance of the inter-continental caravan." Progress in Human Geography(issue to be decided).

- Glover, P. (1995). Ithaca Hours. Investing in the common good. S. Meeker Lowry. New York, New Society Publishers.
- Harvey, D. (1993). Class relations and the politics of difference. Place and the Politics of Identity. M. Keith and S. Pile. London, Routledge.
- Harvey, D. (1996). Justice, Nature and the Geography of Difference. Oxford, Blackwell.
- Harvey, D. (2001). Spaces of Capital :Towards a Critical Geography. Edinburgh, Edinburgh University Press.
- Herod, A. (1997). Labor as an agent of Globalisation and its global agent. Spaces of Globalisation: reasserting the power of the local. K. Cox. London, The Guildford Press: 167-200.
- Hines, C. (2000). Localisation: a Global Manifesto. London, Earthscan.
- Imbroscio, D. (1997). Reconstructing City Politics: Alternative Economic Development and Urban Regimes. London, Sage.
- Lang, P. (1994). LETS Work: Revitalising the local economy. Bristol, Grover Publications.
- Ledeneva, A. (1998). Russia's Economy of favours: Blat, Networking and informal exchange. Cambridge, Cambridge University Press.
- Leyshon, A. and N. Thrift (1997). Money space: geographies of monetary transformation. London, Routledge.
- Linton, M. and A. Soutar (1994). The LETS System Design Manual. Courtenay, British Columbia, LCS Ltd.
- Marston, S. A. (2000). "The social construction of scale." Progress in Human Geography **24**(2): 219-242.
- Marston, S. A. and N. Smith (2001). "States, scales and households: limits to scale thinking? A response to Brenner." Progress in Human Geography **25**(4): 615-619.
- Massey, D. (1992). "Politics and Space/Time." New Left Review **196**: 65-84.
- McKay, G. (1996). Senseless Acts of Beauty: Cultures of Resistance since the Sixties. London, Verso.
- Miller, B. (2000). Geography and Social Movements: Comparing Anti-Nuclear Activism in the Boston Area. London, University of Minnesota Press.
- Nesvetailova, A. (2004, forthcoming). "Coping in the global financial system: the political economy of non-payment in Russia." Review of International Political Economy(issue to be decided).
- Norman, K. (2002). Barter Nation. Buenos Aires Herald Magazine: 14-19.
- North, P. (1995). LETS and Communes. Diggers and Dreamers 96/97. A. Wood. Winslow, Diggers and Dreamers.
- North, P. (1997). Local Exchange Trading Schemes: a social movement approach. School for Policy Studies. Bristol, University of Bristol.
- North, P. (1998). "LETS, Hours and the Swiss Business Link: local currencies and business development

- programmes." Local Economy **13**(2): 114-132.
- North, P. (1999). "Explorations in Heterotopia: LETS and the micropolitics of money and livelihood." Environment and Planning D: Society and Space **17**(1): 69-86.
- North, P. (1999). LETS Get Down To Business!: Problems and Possibilities of Involving the Small Business Sector in CED Using Local Currencies. Community Economic Development. G. Haughton. London, The Stationary Office/Regional Studies Association.
- North, P. (2002). "LETS in a cold climate: Green Dollars, self help and neo-liberal welfare reform in New Zealand." Policy and Politics **30**(4): 483-500.
- Pacione, M. (1997). "Local Exchange Trading Systems as a Response to the Globalisation of Capitalism." Urban Studies **34**(8): 1179-1199.
- Pearson, R. (2002). "Argentina's Barter Network: New Currency for New Times." Bulletin of Latin American Research **20**: check.
- Primavera, H., C. De Sanco, et al. (1998). Reshuffling for a New Social Order: The Experience of the Global Barter Network in Argentina. Enhancing People's Space in a Globalising Economy, Espoo, Finland.
- Ramada, C. (2001). User Created Currencies in Latin America. International Network of Engineers and Scientists for Global Responsibility, Stockholm, Sweden.
- Rock, D. (2002). "Racking Argentina." New Left Review **2/17**: 55-86.
- Routledge, P. (2003). "Convergence space: process geographies of grassroots globalization networks." Transactions of the Institute of British Geographers **28**(3): 333.
- Sadler, D. and B. Fagan (2003). Australian Trade Unions and the politics of scale: re-constructing the spatiality of industrial relations.
- Seabright, P., Ed. (2000). The Vanishing Rouble: Barter networks and non-monetary transactions in post-Soviet societies. Cambridge, Cambridge University Press.
- Seyfang, G. (2002). "Tackling social exclusion with community currencies: learning from LETS to Time Banks." International Journal of Community Currency Research **6**.
- Smith, N. (1992). Geography, difference and the politics of scale. Postmodernism and the social sciences. J. Doherty, E. Graham and M. Mallek. London, MacMillan: 57-79.
- Swyngedouw, E. (1997). Neither Global nor Local: 'Glocalisation' and the politics of scale. Spaces of Globalisation: reasserting the power of the local. K. Cox. London, The Guildford Press: 137-166.
- Taylor, P. (1982). "A materialist framework for political geography." Transactions of the Institute of British Geographers **7**(15-34).
- Taylor, P. (1999). "Places, spaces and Macy's: place-space tensions in the political geography of modernities." Progress in Human Geography **23**: 7-26.
- Thorne, L. (1996). "Local Exchange Trading Systems in the UK - a case of

re-embedding?" Environment and Planning A **28**(8): 1361-1376.

Thrift, N. (1999). Steps to an ecology of place. Human Geography Today. D. Massey, J. Allen and P. Sarre. Cambridge, The Polity Press: 295-322.

Ward, C. (1988). Anarchy in Action. London, Freedom Press.

Williams, C. C., T. Aldridge, et al. (2001). Bridges into Work: an evaluation of Local Exchange Trading Schemes. Bristol, The Policy Press.