

www.ijccr.net

Monetary Plurality ... , Gomez (2018)

Local Economic Development and complementary currency systems

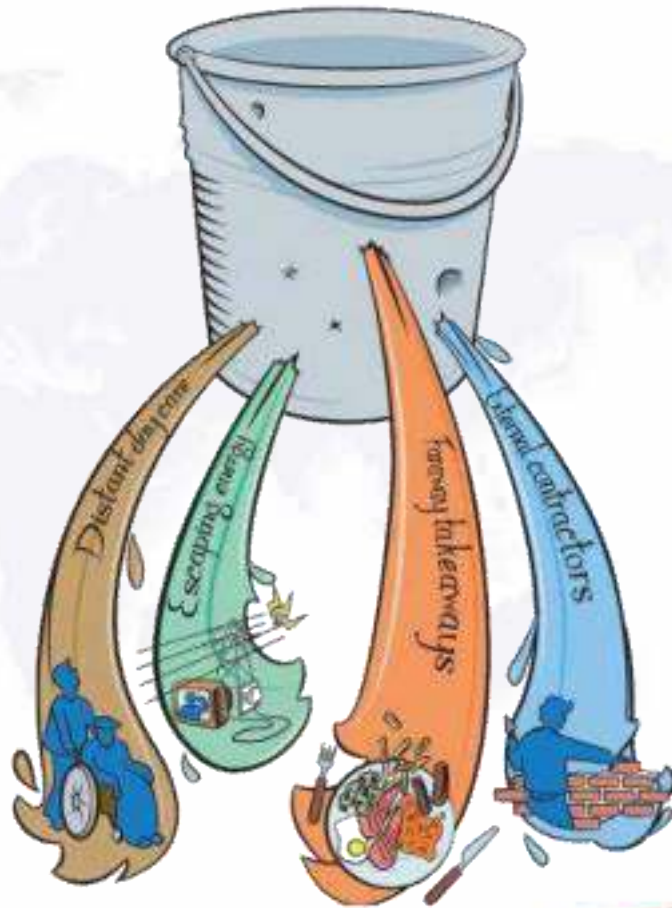
gomez@iss.nl

www.iss.nl

1. What is a CCS?

- A community or complementary currency system (CCS) is a **not-for-profit organisation** that **exchanges** goods and services using their own currency. This is a **local, non-state**, interest-free means of exchange (**complementary currency**).

Local economy: Plugging the leaks



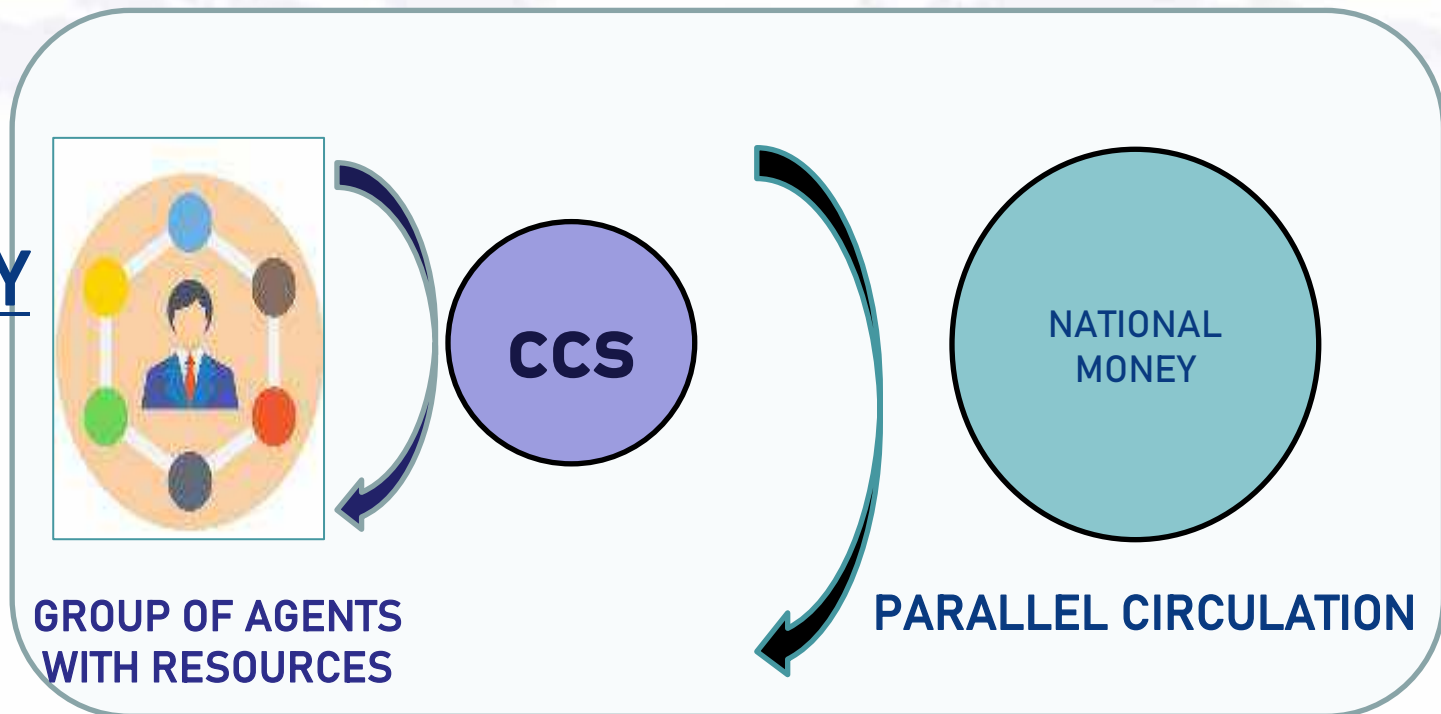
Why CCS as complements?

Parallel circulation, voluntary acceptance

They connect idle resources with unsatisfied needs and wants in a community or territory.

Also a tool to reflect on monetary and capitalist system.

SOCIETY



CCS in the local economy

- They create self-reliant cells of production & trade and “build” community

Production: using idle resources, wasted, redundant, mainly local

Trade: linking local demand and supply

Improve responsiveness of monetary system

Accessible income option for women, youth, disabled, elderly.

Local insulation from globalisation

CCS world-wide

- CCS remain small in scale of members, scope of products and impact on household economies.
- Typically die in the 1st year or remain vegetative.
- In DC, they attract members seeking an alternative lifestyle, citizenship
- In LDC, income diversification of HH
- Require a considerable organisational effort

Worldwide spread of Cyclos

Over 5000 CCS worldwide, with different goals, values, destination, actors...

Cyclos

+1800 communities

+5000000 users worldwide

+150000 downloads

+2000 registered installations

Bristol Pound

First UK city where people can pay council tax in a local currency.

PuntoTRANSacciones

Proves that Barter can successfully serve SMEs with credit and customers in developing countries.

Tradaq

Brazil's biggest barter!
Helping businesses in Brazil for more than 10 years.

EDENRED

The Ticket Alimentación program provides food to poor students using a dedicated currency.

Circuit Nederland

The Social Trade Circuit improves the regional multiplier and provides credits and clients to local SMEs.

Sardex

World's fastest growing community based business circuit.

Banking the unbanked

Providing banking services to more than 2500000 people in Indonesia.

Mobicash

Provides banking services to over 1000000 unbanked people in more than 25 countries.

www.iss.nl

Historical evolution of CCS

- Existed in Depression and World Wars
- Restarted in Canada around 1985
- Spread in UK during 1990s
- Local action
- Today: 54 nations, 4000 centres
- Often disliked by governments
- No comparable emergence of monetary systems since Industrial Revolution! (Blanc 2012)

What do CCS do?

Design follows Function

- 1) Local exchange – backed by national currencies**
- 2) Economic exchange – Business Barter & Loyalty Points**
- 3) Environmental exchange – Carbon Quotas, Reward Points**
- 4) Social exchange – Time Banks/ Time-Credits**

Some drawbacks

- CCS may isolate the poor and unemployed in an “economy for and by the poor”
- Limited to what can be paid in social money
- Outdated technology, low capacity
- Does not spill over as taxes
- Usual problems of collective action

Perspectives on the origins of money

- **Commodity that reduce transaction costs**
- **Institution (habit, objectification of social relations)**
- **Chartalist approach**
- **Credit money**

MONEY: Who can create money?



Banks

interest-bearing
debt issued by
private banks



Government

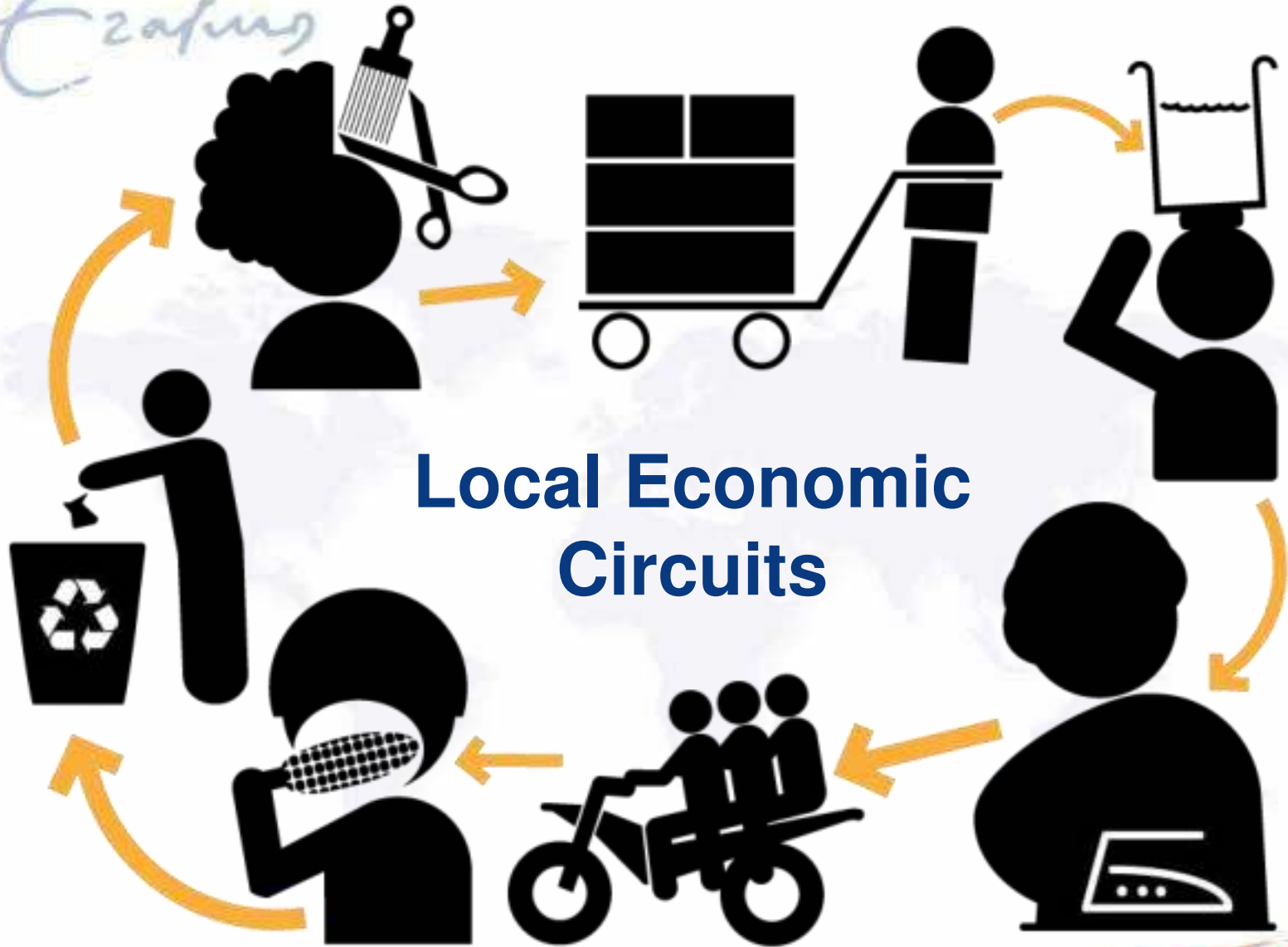
spent into
circulation
by the state and
collected as tax

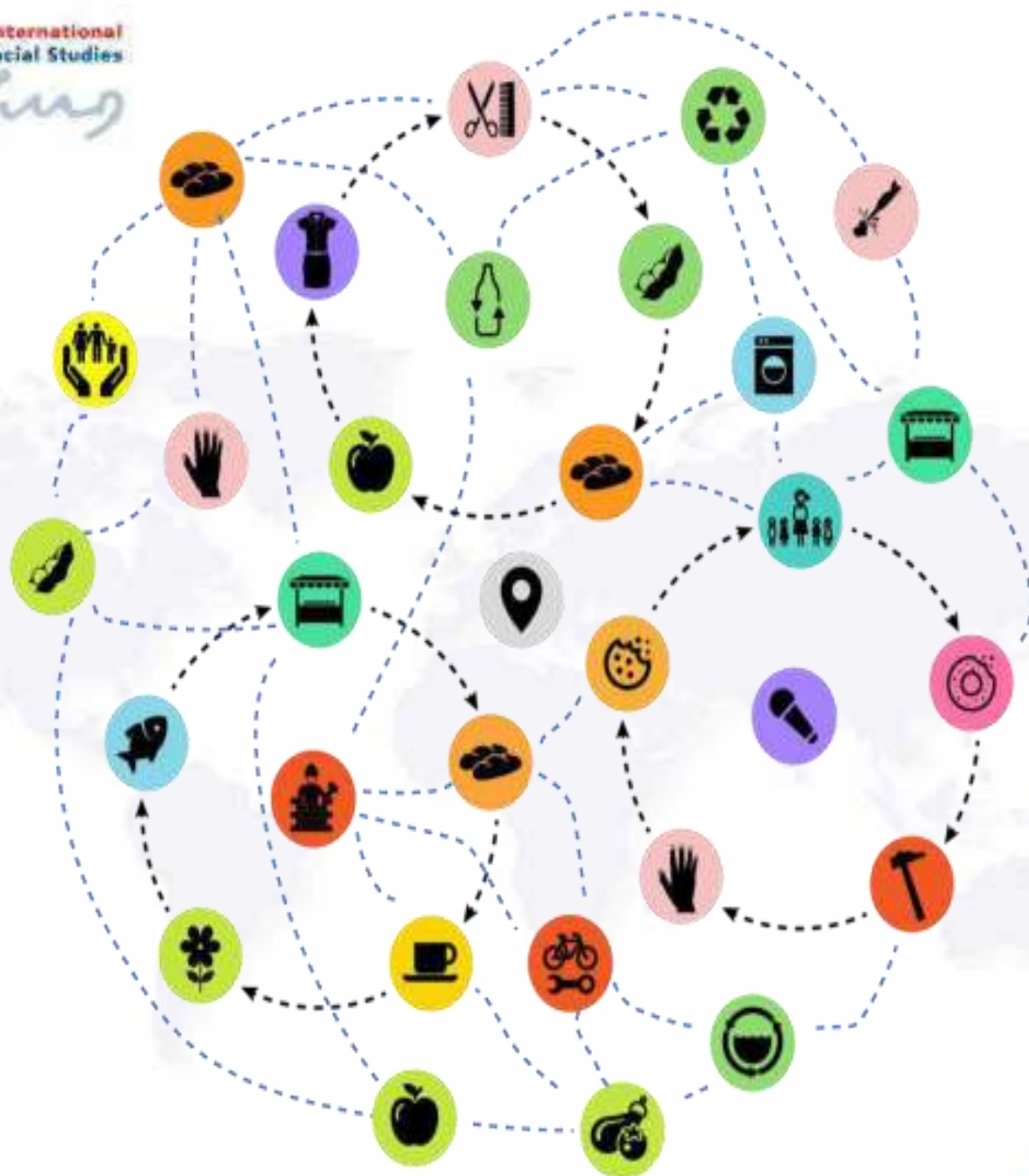
Third Sector, Grassroots

based on “resources”
and mutual agreement



“The Ecology of Money”
by Richard Douthwaite





Examples, complementary currency systems



De-linking trajectory

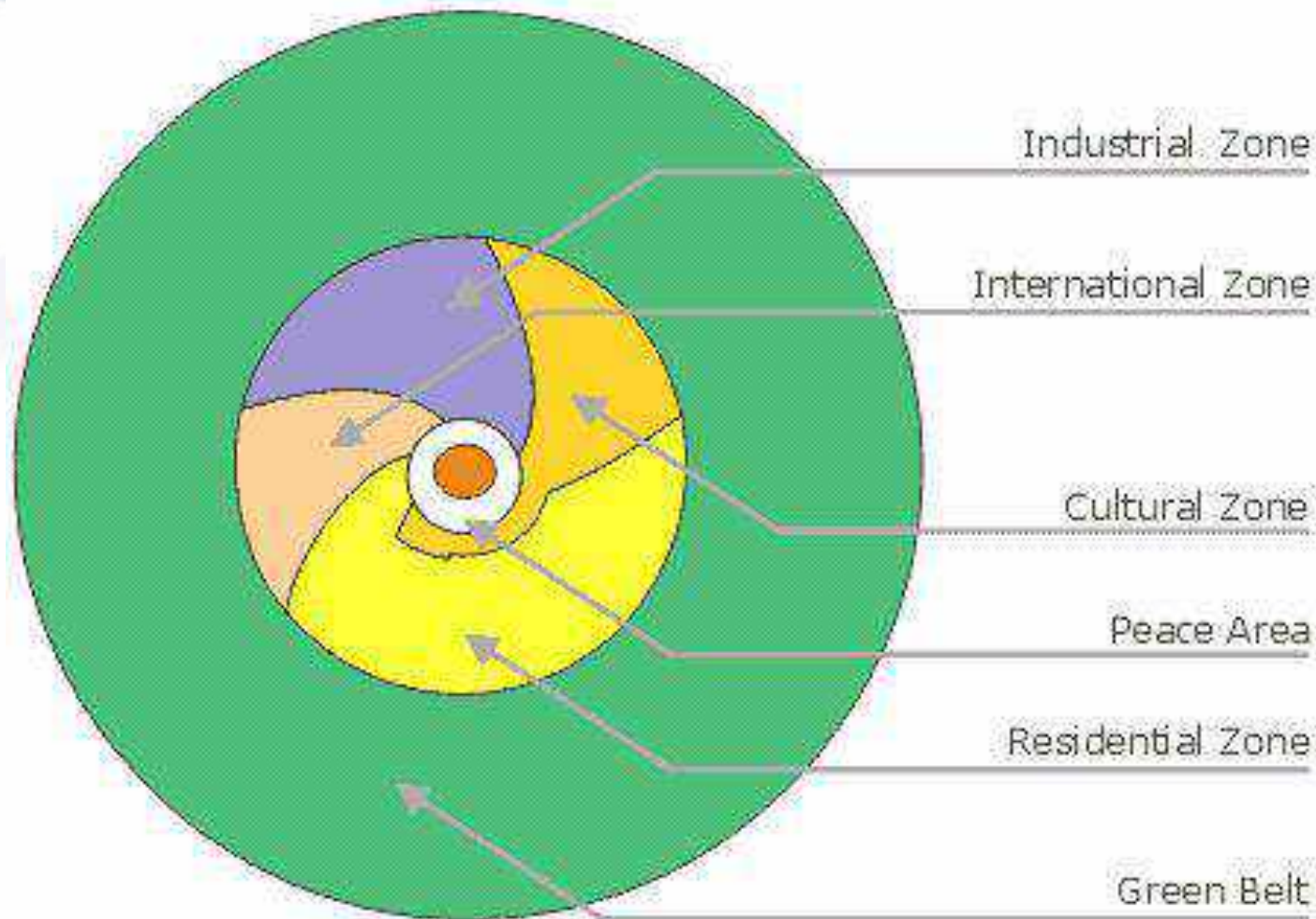


What is Auroville?

- International Cultural Township (UNESCO)
- Founded in 1968
- Support of Gol
- Vision of Mira Alfassa (the mother)
- Spiritual ideas of Sri Aurobindo



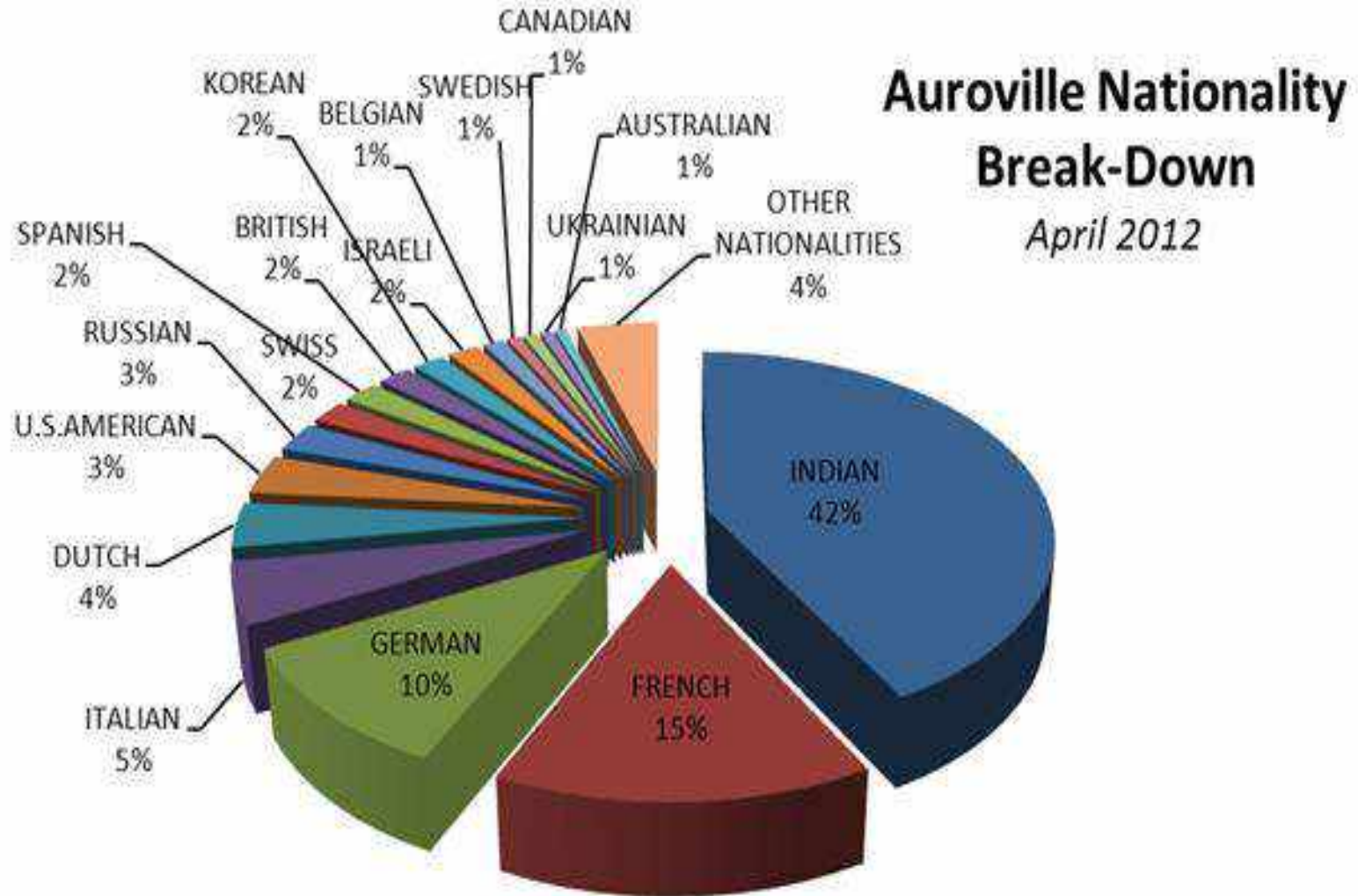
Peace Area, City Zones & Green Belt



Población de 50,000 people

Source Auroville

2,257 People (Census April 2012)



Economy of Auroville

TRANSACTIONS	LABOR	ENTERPRISE	FINANCIAL	PROPERTY
<i>MARKET</i>	<i>WAGE</i>	<i>CAPITALIST</i>	<i>MAINSTREAM MARKETS</i>	<i>PRIVATE</i>
Exchange with the "outside world"	Tamil villagers			
<i>ALTERNATIVE MARKET</i>	<i>ALTERNATIVE PAID</i>	<i>ALTERNATIVE CAPITALIST</i>	<i>ALTERNATIVE MARKET</i>	<i>ALTERNATIVE PRIVATE</i>
Por Tous Distribution Center (supermarket)	Aurovillians		Financial Service (bank)	Stewardship
Maintenance System (complementary currency)				
Food Link (food supply center)				
<i>NON-MARKET</i>	<i>UNPAID</i>	<i>NON-CAPITALIST</i>	<i>NON-MARKET</i>	<i>OPEN ACCESS</i>
Nandini (bank of garments)	Volunteers	Commercial Units (companies)		
		Farms		

Re-linking local economies trajectory

UK: Bristol Pound (2012)



Bristol Pound 2014, <http://realeconomy.co.uk>



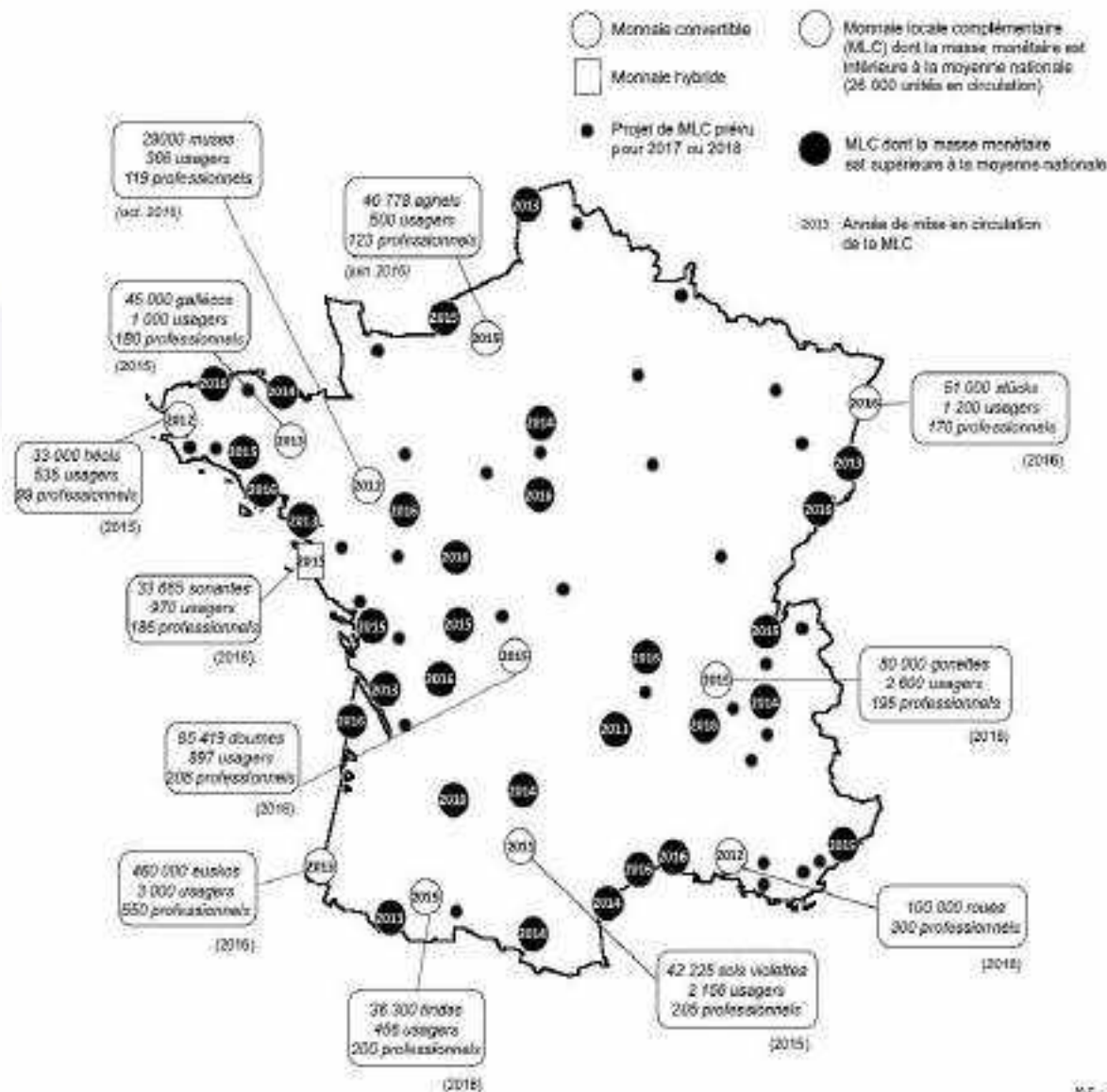

Lambeth

Brazil: Banco Palmas (2000)



Instituto Palmas 2013,
<http://www.inovacaoparainclusao.com>

CCS in France



Swiss SME Credit Currency (1934)



Stodder 2009, Journal of Economic Behavior and Organisation, (72) pp. 79-95

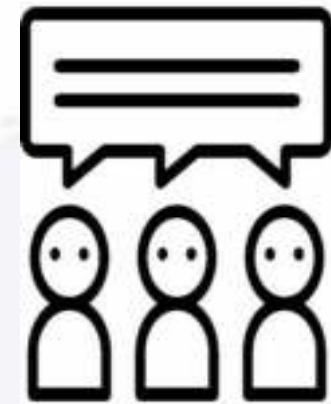
Environmentalist trajectory

Brazil: Cambio Verde, Curitiba (1991)





1989



Urban problems:
SW collection,
became too
expensive



What are the problems of
our city?



Local
Govt,
*Jaime
Lerner*



Abundance
of food



Low usage of
public
transportation

LG implemented a Ccs lthat rewarded waste pickers, They could use the Currency to pay for public buses, local food and school supplies.



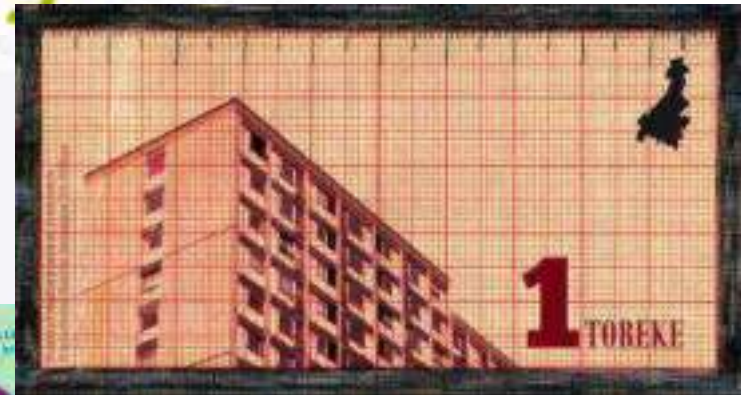
After 3 years ...



Belgium: E-Portmonnee (2005)

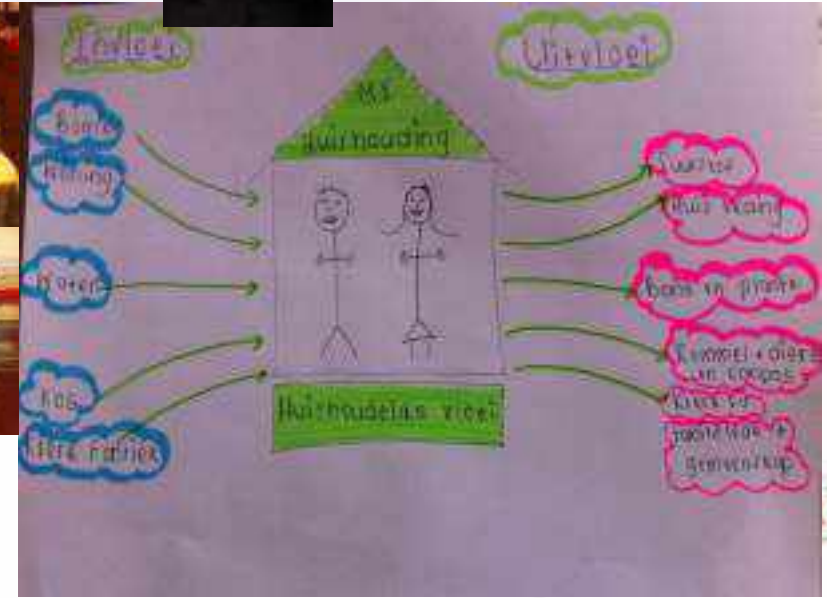
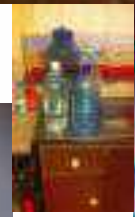
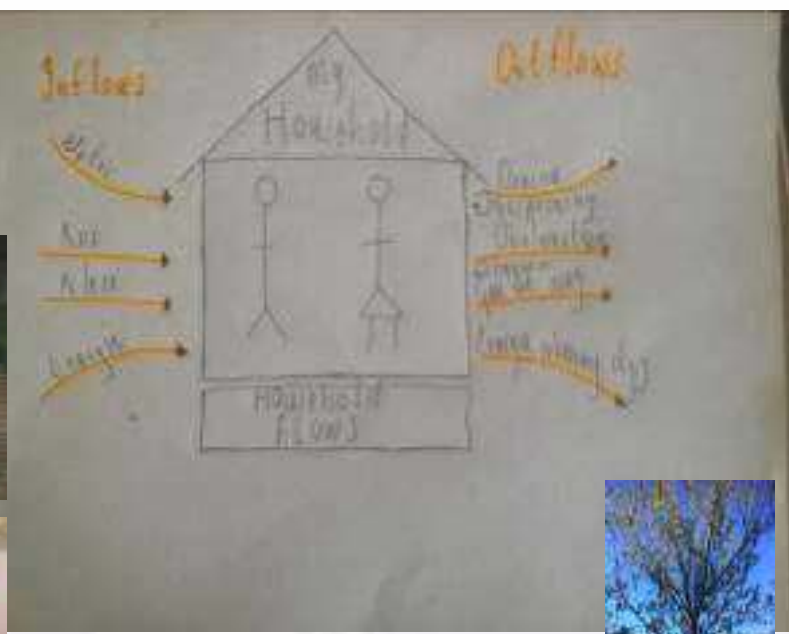


limburg.net



Limburg.net 2013, <http://www.e-portemonnee.be>

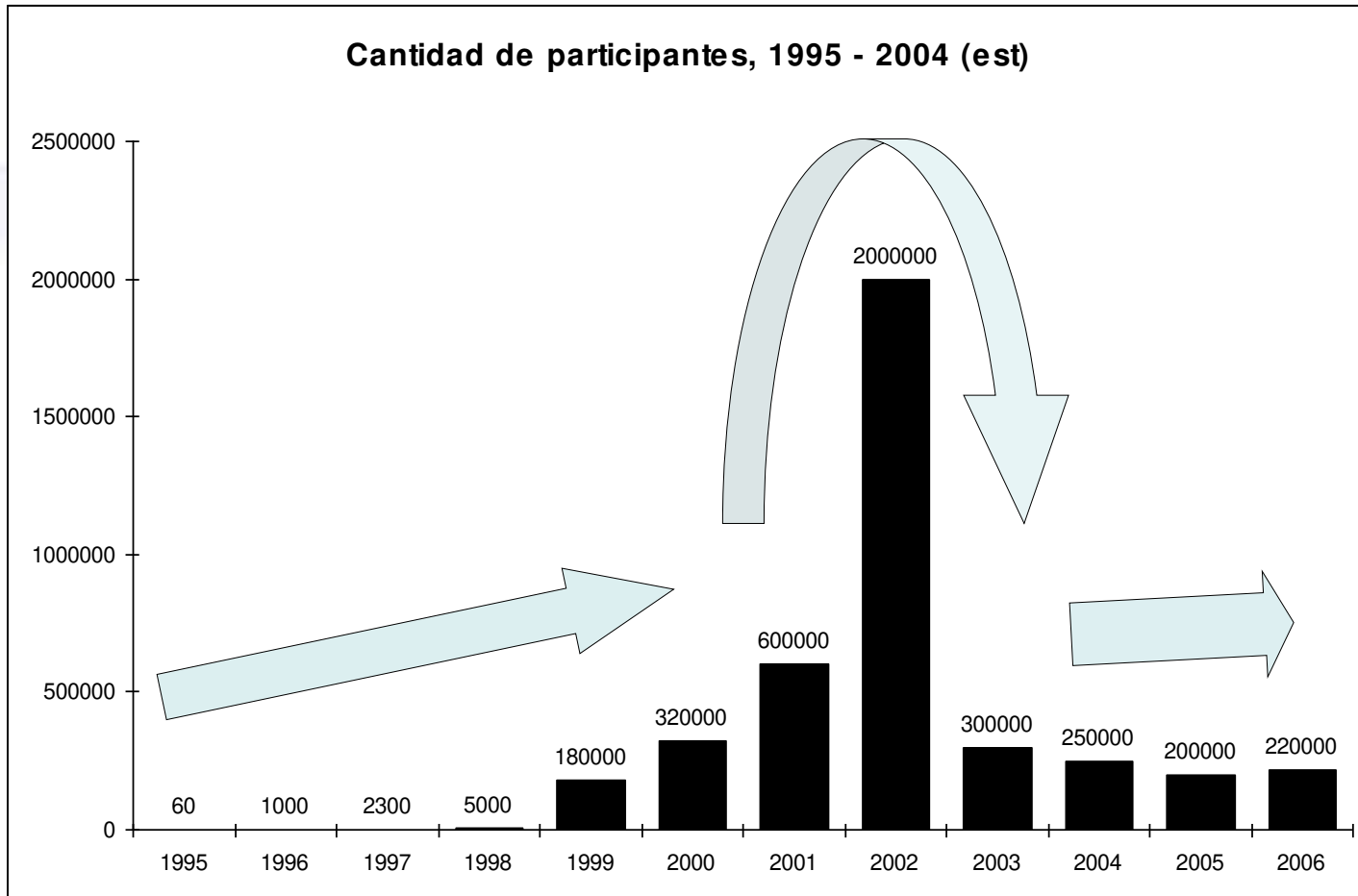
Anti-poverty/crisis trajectory



The Argentine RT

- Started in 1995, fiat currency after 1996
- Unit of account: credits (=1 \$ = 1 US\$)
- 2.5 M users in 2001-2002 (20% EAP).
Fallen to 100.000 in 2006 (still largest w/w)
- Local, regional & national associations
- Majority of disenfranchised middle class

Evolution in membership









Meanings of the credito

- Never a commodity to back it up: trust vs barter to perform trade
- Monetisation of mutual credits generated by exchange: credit money
- Institutionalisation large amount of users. Objectification: could stand on its own
- Fc equivalent of a monetary authority

And the decline (2003)

- Breaking up of credit base:
 - Reputation of leaders
 - Inadequate governance infrastructure
 - Collateral in production



BanglaPesa in Kenya



Kenya: Bangla Pesa (2013)



BANGLA-PESA

UCHUMI MASHINANI TUSHIRIKIANE

Bangladesh Business Network

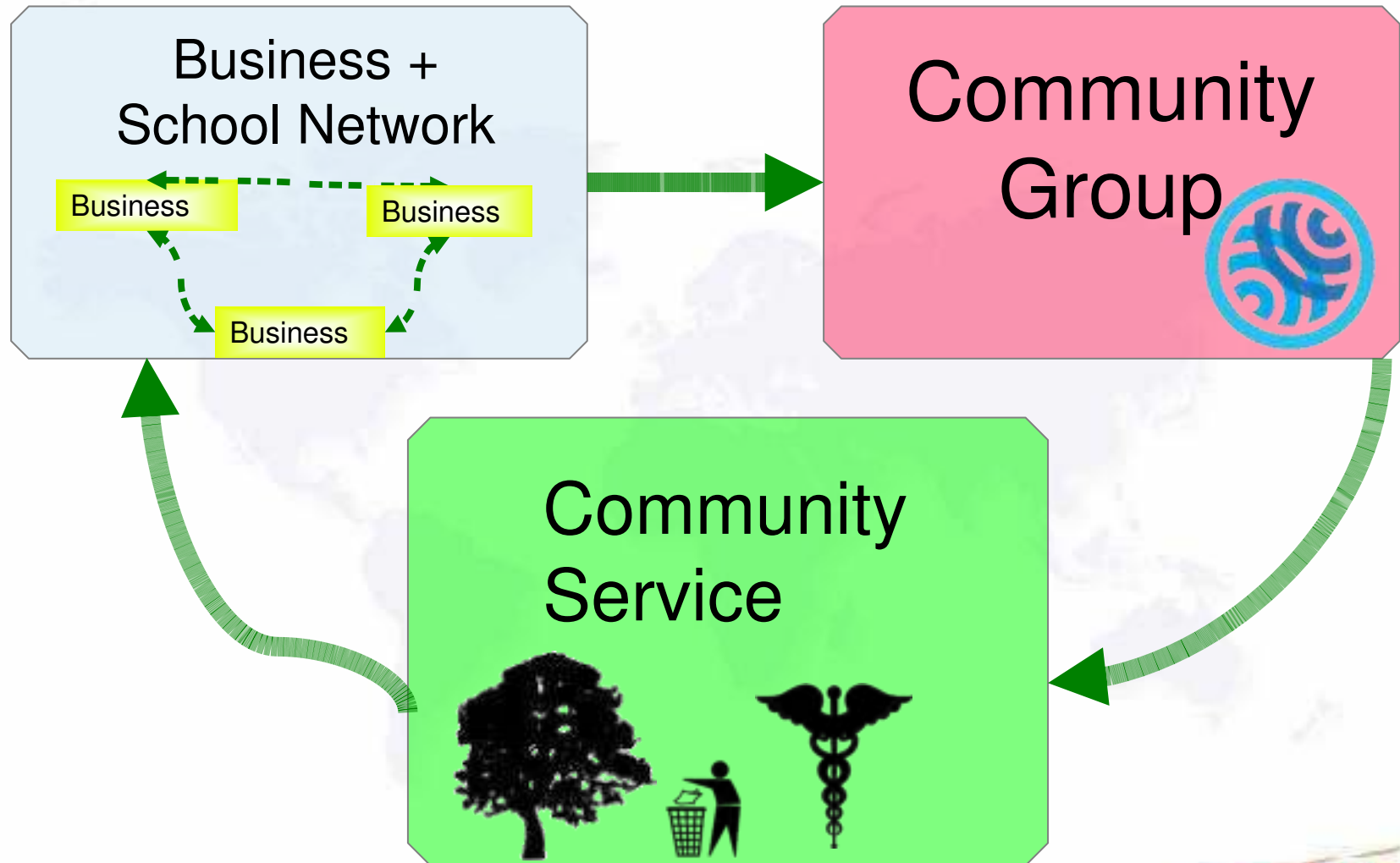
KORU-KENYA <http://koru.or.ke/bangla>







Bangla-Pesa – Community Currency Flow



Preliminary Findings from Bangla-Pesa

Bangla-Pesa usage annually represents 10% of the sales revenue among the businesses.

86% increase in total sale revenue (Kenyan Shillings and Bangla-Pesa) during poor market periods.

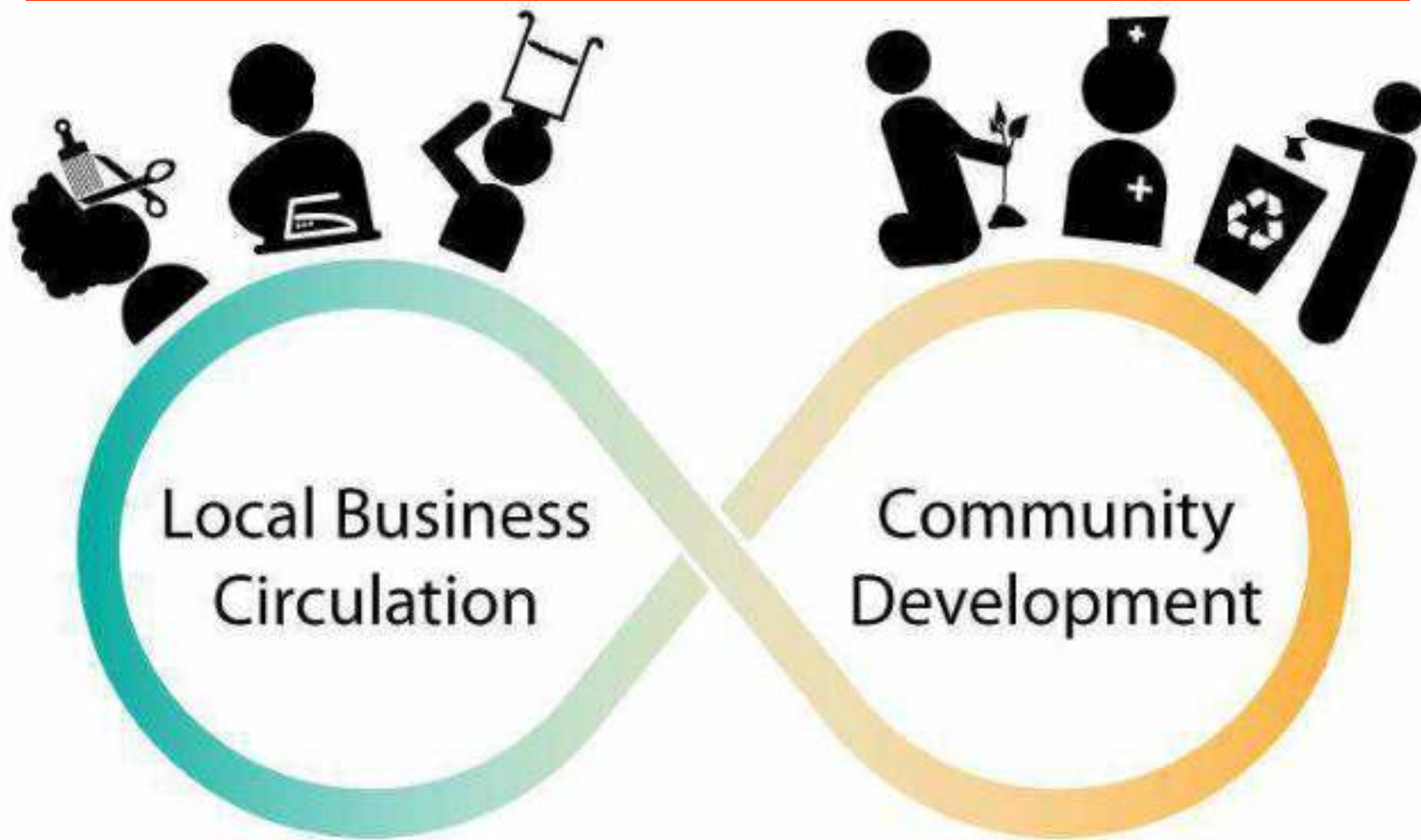
National Currency Sales are also increasing due to the program – implying that the CC is not purely replacing the National Currency.



"I used to be without food
because we wouldn't have enough shillings,
now I can eat even when I don't "

- Marciana, (age 64 caring for a family of 7)

Community Development Cycle



BanglaPesa Community Currency Model

- 1) Creation:** Community Currency (CC) is valued as 1:1 with National Currency and security printed – with a 1 year expiration date
- 2) Allocation:** Members are allocated 400 Kenyan Shillings (or 500 Rand in SA programs) worth of the CC after an audit/survey process including backing by 4 other members of the network and a local committee. These bills are vouchers for the goods of members.
- 3) Community Contribution:** Each member must contribute 200 Kenyan Shillings of CC toward a community fund, (or 200 Rand in the SA context). Paying this amount allows them to receive new vouchers that expire the next year. Outside of the business network, people receive the CC through, change for purchases and also community service work, or as employees.
- 4) Daily Value Traded:** ~10,000 Kenyan Shillings (1000 Rand) traded daily among 100 businesses (roughly a ¼ of total in circulation)
- 5) Implementation:** 3-6 months. Training and membership building – culminating in a public launch event and currency issuance.

1. deflation, rates of exchange CCS1 and NC
2. Effects, of market within mk
3. Environmental,
4. best eco results?
5. Pricing mechanisms?