**<CT>Alternative Currencies**

<AN>Peter North

**Keywords:** alternative currencies, localization, transition initiatives

<FL>Community, alternative or complementary currencies (hereafter CCs) are forms of money created by non-state actors as alternatives to and remedies for the perceived pathologies of state-created money and growth-focused development.

<Para>Four types of CCs can be identified. Local Exchange Trading Schemes or LETS are local currencies called either Green Dollars or a locally significant name (e.g. ‘Bobbins’ in Manchester, UK). LETS credits may be valued in alignment with national money, by an hourly rate, or a mix of the two. They have no physical form: users meet each other through a directory and then pay each other by cheque denominated in LETS units which they back with their personal commitment to earn enough credits repay this commitment in the future. Account balances are kept on a computer.

<Para>Those who critique *any* alignment of CCs with state-created money (as that recreates the pathologies of capitalism, for example, paying bankers more than house cleaners) advocate money denominated in time. Time Banking users help each out and keep score with an electronic time credit, with each credit valued as one hour irrespective of the work done. ‘Hours’ are local time-denominated paper currencies which can be used as easily as cash, with no need for any central records. After the financial crisis in Argentina in 2001 millions of people supported each other using community-created paper currencies denominated in ‘credits’ – unrelated to either state money or time.

<Para>Activists wanting to avoid dangerous climate change and resource depletion have developed ‘transition currencies’ – for example, Totnes, Lewes or Stroud Pounds. These are locally circulating paper currencies denominated in units aligned with and backed by state money. Finally, the development of personal computers and smartphones has led to experiments with electronic currencies such as BitCoin and FairCoin. Worldwide, a bewildering variety of CCs can be found (North 2010).

<Para>There has been a long history of contestation about money (North 2007). At the dawn of capitalism in the UK, the utopian socialist Robert Owen advocated and experimented with labour notes, as did anarchist communities across the nineteenth century in the United States. In the 1880s and ’90s the US Populists organized for the more liberal issuance of silver money in conflict with banking interests who defended the gold standard to enforce labour discipline, often violently. In the 1930s local authorities in the United States, pre-Nazi Germany, Switzerland and Austria and revolutionary Spain issued their own paper currencies. The Swiss Business Ring exists to this day, connecting small business owners. Widely-available IT has catalysed the creation of CCs by non-state groups to unprecedented levels, for example, Kenya’s Bangla-Pesa.

<Para>The first wave of LETS and Time Banks were created by green activists in Anglo Saxon countries’ subjects who critiqued unsustainable globalized capitalism. They argued that in order to survive the regular crises of capitalism a diversity of local currencies should be created, so that if one form of currency (usually state-created) was unavailable, alternatives would be. Being created by users themselves and backed by their commitment to repay this currency in the future, CCs would be more widely available than state-issued currencies, thereby generating local demand (North 2005). Second, CCs would be available in amounts necessary to meet the needs of those who created them, irrespective of the pre-existing availability of money. Finally, given that everyday services such as babysitting, gardening, and so on were widely available in CC networks (as opposed to highly remunerated professional services), CCs valued work done by those the capitalist market did not value. As a result of making personal credit money widely available to everyone willing to agree to the networks’ values of reciprocity, CC advocates argued that they had created a social change mechanism that would bring into being a localized, convivial sustainable economy, prioritizing the needs of people above either buying ‘stuff’, maximizing GDP or accumulating money for its own sake.

<Para>These worked well enough if what people wanted to buy from each other could be produced within the resources owned or controlled by their members. These could often be more than what Marx had described as the ‘dwarfish co-operation’ of the utopian socialists of the nineteenth century, but often did not meet basic needs – food, shelter, power – or the more complex desires generated by the capitalist system. The organizers struggled to keep accounts and would be overwhelmed in an economic crisis if millions of people started using them. Therefore, CC advocates started to issue local paper currencies (‘hours’ in the US, creditos in Argentina, transition currencies in the UK), thereby abolishing any need to keep accounts. Paying attention to the design of the notes meant they would be more likely to be taken seriously by conventional market actors. Unlike LETS and Time Credits though, these were not personal credit currencies – ‘new money’. The issue then was why would users change ‘universal’ state-backed money into a locally circulating currency that could not be used for everyday needs, unless they shared the values of the network? As a result, the networks often stayed small, restricted to enthusiasts.

<Para>Are they radical alternatives or false solutions? It depends. On the one hand, the assumption is that CCs support locally owned businesses and these are of value in themselves, and that the existence of a CC generates more local production and other more convivial ways of creating more localized economies. On the other hand, transition currencies, and more recently electronic currencies, have been promoted by local business interests who see them as a means of supporting locally owned, but perhaps otherwise unsustainable, forms of economic activity – for instance, a local grocery that does not sell anything produced locally. They are also not ‘new money’, so still exclude those who do not have much ordinary money. Thus the extent that CCs go beyond creating visions of or prefigurative forms of post-development to actualizing them is, however, work in progress.

<A Level> **References**

North, P. (2010). *Local Money: Making It Happen in Your Community*. Dartington, Green Books.

North, P. (2007). *Money and Liberation: The Micropolitics of Alternative Currency Movements*. Minneapolis, University of Minnesota Press.

North, P. (2005). ‘Scaling Alternative Economic Practices?’ in *Transactions of the Institute of British Geographers*, vol. 30, no. 2: 221–33.

**<A Level>Biography**

Peter North is Reader in Alternative Economies in the Department of Geography and Planning, University of Liverpool, UK. His research focuses on the social and solidarity economies as tools for constructing and rethinking alternative geographies of money, entrepreneurship and livelihoods as part of the project of constructing strategies for local economic development given resource constraint, dangerous climate change, and economic crisis.

**Address:** Peter North, Department of Geography and Planning, University of Liverpool, Roxby Building, Liverpool, L69, 7ZT.

Email: [P.J.North@liverpool.ac.uk](mailto:P.J.North@liverpool.ac.uk)

**<A Level>Resources**

The diversity of existing alternative currencies across the world is logged by the Complementary Currency Resource Center: [http://complementarycurrency.org/CCsDatabase/](http://complementarycurrency.org/ccDatabase/)

A good source for recent research on alternative currencies is the online and open aCCsees *International Journal of Complementary Currency Research*, the *Journal of the Research Association on Monetary Innovation and Complementary and Community Currencies* (RAMICS): [https://ijCCsr.net/](https://ijccr.net/).