Community Currencies have long been associated with the environmental movement, and in this briefing we identify various sustainability rationales for developing these grassroots innovations.

Complementary currencies are parallel systems of exchange intended to circulate amongst a specified group or community. Of these, community currencies are those which have originated in civil society and which have specified sustainability objectives. Based on research undertaken by the Grassroots Innovation: Complementary Currencies project, this briefing maps out significant alignments between different types of community currencies (based on the claims of practitioners and advocates in the literature) and the three pillars (economic, social and environmental) of sustainable development.

It has long been recognised that there are strong associations between the community currency movements and sustainable development. Many community currency advocates and practitioners have been inspired by the green movement, and community currencies are a common feature of green economics and political economy writing, indicating their place as a tool for achieving sustainable development. Furthermore, many 'new economics' think tanks and NGOs have been at the forefront of currency experimentation over the last 30 years, for example the New Economics Foundation (UK), Strohalm (the Netherlands), The Schumacher Society (USA), SANE (South Africa) and Living Economies (New Zealand).

New Economics emphasises bottom-up grassroots action and attempts to build new institutions. It also argues that the contemporary monetary system is a major sustainability problem, causing both financial instability and demanding continual economic growth.
Economists traditionally define money as being a medium of exchange, a store of value, and a unit of account. Some currency activists would argue that it relatively unusual that all of these functions reside in a single official national currency; for most of history, different forms of money have served these separate purposes. In general, community currencies do not try to replicate all the ‘general purpose’ functions of conventional money, rather they are ‘special purpose’ currencies, and might attempt to provide additional liquidity when a medium of exchange is in short supply; or offer a store of value that can only be saved for certain purposes, or incentivise certain types of behaviour. In addition, complementary currencies are nothing new, having always existed alongside state-backed money; however, in times of recession and economic crisis, parallel forms of exchange appear more attractive and a new cycle of experimentation and growth of community currencies occurs. The current crisis is no exception.

For some within the community currency movement the contemporary global economic crisis is rooted in monetary dysfunction and therefore a key rationale for community currencies is a rejection of capitalist credit-money. In other words, an ecological critique of modern financial institutions indicates how a debt-based system of money creation relies upon an ever-expanding economic system, to allow the re-payment of loans with interest. Monetary reformers within the community currency movement argue that the environment is a finite system that cannot sustain an ever-expanding subsystem (the economy). Their analysis suggests that this expansion is driven by the dominant monetary system and that it should be replaced with something not inherently expansionist. Complementary currencies can potentially embed economic exchange within ecological limits through backing the money with real biophysical resources such as energy kWh, thereby constraining its expansion. There are currently initiatives being proposed which link community currencies to personal carbon allowances, water, and other ecosystem services.

In addition to these fundamental, structural reasons, we now consider other reasons why such currencies have been promoted as tools for a more radical form of sustainable development.

**Money & Sustainable Development**

Local currencies are geographically-bounded (often paper notes) currency which are intended to circulate within a given region. This aims to promote economic activity in the region, supporting the local economy by preventing money from ‘leaking out’ of the locality. Several different local currency models exist, such as the Hours model (USA), Regio geld (Germany), Banco Palmas (Brazil) and Transition Currencies (UK). Whilst all of these use a paper-based currency many are also experimenting with electronic platforms including debit cards and mobile phone transactions.

**Service credits**

Service credits are time-based currencies that are earned by spending time helping another individual or organisation. Everyone’s time is worth the same - an hour given earns one time credit, regardless of the service provided. Time credits can then be spent on services offered by other members. Service credit systems are often known as time banks. Some are based in a neighbourhood or community context, run by volunteers, and some are hosted by institutions. These sometimes focus on a specific sector such as health, education or criminal justice.

**Barter Markets**

Barter markets are intended to overcome shortage of cash, and facilitate exchange amongst a group of users, usually in a regular marketplace. Like local currencies, barter markets tend to use physical notes, which are often issued to new users (as an interest-free loan) to enable them to participate in the market. Barter markets are often associated with the idea of ‘prosumers’ (individuals who both produce and consume). The most famous example are the barter markets of Argentina which grew to a significant size in the early 2000s, partly as a response to the country’s ongoing economic problems.

**Mutual exchange**

Mutual exchange systems are currencies that are created by their members. Members advertise their ‘offers’ and ‘wants’ in a directory and a central accounts system records transactions. Currency is created when someone spends (goes into commitment to the system), and their trading partner rears (receives an acknowledgement). Local Exchange and Trading Systems (LETS) are one of the most well known forms of mutual exchange system. Mutual exchange systems tend to exist in a civil society context, often with little support from state or other funders.
community currencies. This can counter the trend towards ‘squeezing out’ such labour by formal-employment-focused social policies, and help build more convivial economic relations where cooperation and sharing is valued. Third, community currencies offer a supplementary means to access to goods and services to those who might otherwise be financially excluded or unable to find formal employment. Fourth, community currencies are argued to support sustainable economic development among small and local/green businesses, who are felt to show more loyalty to local communities, through providing mutual credit systems among local businesses, allowing them to trade amongst themselves without the need for cash. Some community currencies specifically support social enterprises and sustainability-focused businesses.

Environmental Sustainability

The potential positive environmental impacts of community currencies are similarly manifold. First, community currencies are claimed to reduce ecological footprints through: enabling more localised consumption patterns and import substitution, thereby reducing energy required for transportation. Second, community currencies can facilitate resource-sharing and provide an accessible reuse market for unwanted goods through new social institutions for collaborative consumption and sustainable ‘product service systems’ to form. Third, community currencies allow people to meet their psychological needs (such as for recognition, belonging, self-esteem, sense of purpose) through social interaction, rather than through material consumption thus reducing their ecological footprint. Fourth, some currencies directly address pro-environmental behaviour, for example rewarding citizens who participate in recycling programmes, or who purchase more sustainable products or use public transport. Finally, community currencies could potentially encourage the development of new green technologies, for instance in the case of renewable energy, by raising investment capital by issuing notes backed by future energy production, and redeemable against future production.

Social Sustainability

For some community currency advocates, their primary objective is to enhance social aspects of wellbeing. This can occur in a variety of ways, for example by rewarding acts of neighbourly support which promotes a sense of community, building trust and social capital amongst participants. Initiatives of this type are particularly useful in areas where communities have fragmented and local trust relations have broken down, and they seem to foster ‘bridging’ social capital amongst disparate social groups (e.g. teenagers and elderly residents, or across racial or cultural divides), and enable participation by ‘hard to reach’ excluded social groups. Implicit in this model is the view that everyone has something to offer, including those whose skills are not valued by the formal labour market. Community currencies empower socially-excluded groups, thereby boosting self-esteem, self-confidence, social participation and wellbeing. Indeed, these aspects motivate the many health-based community currencies, which aim to counteract isolation and depression in particular, as well as enabling elderly people to remain inde-
Sustainability Goals of Community Currencies

The scoping study has revealed that across the globe, there are community currencies with a wide range of different sustainability objectives that we can categorise as being in the ‘new economics’ tradition. This evidence supports the theoretical work on community currencies and sustainability discussed earlier, and demonstrates the breadth of sustainability goals across the categories of economic, social and environmental objectives. This variation is depicted in Figure 3, where these three goals are shown as a triangular space, onto which are mapped the relative positions of a selection of national types (mapped according to their stated objectives, rather than to founders’ motivations or actual impacts).

While this representation is undoubtedly a crude simplification, it reveals some interesting characteristics of the field. First, the four community currency types tend to converge with each other, and in participar regions of the space, indicating congruence of objectives among seemingly distinct national versions of core models, and divergence between the goals of the four types. The one exception is the barter markets where there is a profound difference between the economically-focused Argentinean Trueque model and the Canadian Troc-tres-Trucs. Second, we found only one community currency type (Troc-tres-Trucs) with explicitly and predominantly environmental goals. While some local currencies have environmental goals, these are combined with economic rationales, and perhaps the greenest of these, the Transition currencies, appear to be adopting a more economic self-presentation as they develop. Third, and in contrast, mutual exchange community currencies lie on a continuum between economic and social objectives, with national systems displaying varying priorities (tensions can arise where these priorities clash among and between national movements). The UK LETS movement is more ‘economically-oriented’ than many other mutual exchange systems, particularly some of the continental European systems, such as the French SEL, but arguably the Austrian Tauschkreis systems are even more economically focused, particularly in the case of the Talente Tauschkreis Vorarlberg which combines the Tauschkreis mutual exchange with a paper-based local currency. Fourth, service credits are the most socially-oriented of the currency types, particularly those that address a specific social need such as elder-care.

Conclusions

This briefing highlighted some of the links between community currencies and sustainable development that are identified in the literature, and made by practitioners. As well as a general critique of the sustainability of the monetary system, many community currency activists are motivated by specific objectives relating to a new economics conception of sustainable development. We have illustrated the diversity of objectives and potential contributions to sustainable development whilst highlighting the areas where they might play a role as policy interventions. However, experience tells us that these currencies often face a number of different challenges and further research is required to explore how best these might be overcome. Furthermore, there is little research verifying the outcomes and impacts of community currencies, and this is an area where more work is urgently needed in order to support effective policymaking to support grassroots innovations for sustainable development.

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