The Euro, The Pound, And The Shell In Our Pockets

Rationales for Complementary Currencies In A Global Economy

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Abstract

This paper examines theoretical rationales for the development of complementary, subnational currencies in tandem with the upward adoption of supranational money (for example the Single European Currency) and globalised, stateless finance. It discusses the ideological foundations of competing perspectives on money and society, which are here termed 'orthodox' and 'alternative' approaches. From each of these worldviews derives value-laden claims advocating the adoption of a range of monetary alternatives. The policy objectives of many contemporary regional and local currencies include poverty alleviation, financial deregulation, local economic development, independence from the state or from global economic processes, community development, strengthening social capital and capacity building and redefining economic values. The most common form of local currency in the UK, the Local Exchange Trading Scheme (LETS), appears relevant to each of these agendas, and is consequently gaining support among policymakers and Local Authorities. LETS and other complementary currencies are thus a creative, innovative and increasingly mainstream policy tool with a potentially important role to play in the development of localities, alongside national and international currencies. The policy implications of this are twofold: first, policymakers should support the growth of complementary currencies; second, state welfare policy should be rethought to encourage the jobless and the poor to engage in self-help activities of this sort and so tackle social exclusion within the global economy at a grassroots level. Finally, while LETS appears to be a pluralistic initiative, its 'mainstreaming' is not unproblematic: it risks the neglect and erosion of the 'alternative' aspects which make this local currency so distinctive.

Introduction: Money at the Millennium

This paper examines various rationales for the development of complementary, subnational currencies in tandem with the upward adoption of supranational money and globalised, stateless finance. These are here grouped together into 'orthodox' and 'alternative' approaches to money, and represent competing worldviews and ideologies about money, society, the economy and economic geography. The paper discusses the practical experimentation with contemporary regional and local currencies (including Time Dollars, Hours and Local Exchange Trading Schemes (LETS), the most widely adopted complementary currency in the UK and the only example which appears to straddle the ideological divide and is supported by holders of both orthodox and alternative views) to suggest ways in which these initiatives could be adopted as effective policy tools for sustainable local development.

> Monetary questions crop up so constantly in the newspapers, form so large a part of the substance of political and economic controversy, and above all, attract so many cranks that it has become indispensable for intelligent people to know something about them.(1)

The socialist economist G. D. H. Cole made this pronouncement in 1933; it is equally true today, as monetary debates within the European Union are making the headlines more than ever. The gradual implementation of a Single European Currency, and the globalization of both financial markets and money itself raise issues of control and identity at the national level. The heated debates surrounding the evolution of a common European currency speak of more than improvements in commercial efficiency; they touch on raw nerves of social meaning and symbolic significance, and the Pound represents far more than simply a means of exchange. Ex-Prime Minister Thatcher, a strident Eurosceptic, argued that European Monetary Union 'would be a fundamental and crucial loss of sovereignty and would mark a decisive step towards Britain's submergence in a European superstate' (2), though in fact much of the sovereignty so hard-defended is illusory, having already been eroded by international financial markets. While a parallel Single European Currency would provide a level playing field for European economic growth and free trade which would doubtless benefit some, it also expands the pitch and makes it more likely that some regions and localities will be left behind in the game (3).

At the same time, Dow and Rodriguez-Fuentes note, subnational regions and localities can be considered as 'very small open economies' (4), with no monetary tools or control over inflow or outflow of money to meet local policy objectives and satisfy local needs. Actors at the subnational level are identifying money as a possible tool to reassert local control over economic life. Complementary currencies offer a chance for localities to develop self-reliance and insulate themselves somewhat from the impacts of exogenous financial speculative investment upon concrete realities of production, employment, consumption and local social relations (5). Scotland has recently gained its own regional money, the Scottish Organisational Currency System (SOCS) to enable local authorities and enterprise councils, small businesses, voluntary and community-based organisations to trade resources and facilities among themselves (6). In the developed countries, a wide range of complementary currencies are to be found, each serving different policy needs and emerging from distinct social, economic and cultural milieux (7).

The best-known complementary currency in the UK is the Local Exchange Trading Scheme (LETS), a community-level cashless trading network. LETS are grassroots organisations that enable their members to trade skills and resources, while keeping score in a notional local currency, called for instance, Shells in West Norfolk, Bricks in Brixton and Thanks in Hackney (8). As the discussion below shows, LETS is a complementary currency with the potential to address many of the perceived problems with conventional money. LETS are a new phenomenon, and have grown rapidly from only a handful of schemes in the early 1990s to over 400 today, each with around 85 members trading the equivalent of about £70 a year. The impacts of LETS go beyond economic benefits however, as they are also proving very effective at recreating community feeling, building social capital and strengthening social cohesion. Interest in LETS as a community economic development policy tool to tackle social exclusion and unemployment has grown, with many local authorities in the UK pledged to support the growth of the schemes in their area (9).

This diversification of monetary forms, both above and below the commonly thought of 'norm' of a national currency is historically to be expected, given how recently national currencies became the norm. The present trend for centrally issued, government-managed currencies is relatively recent, and in parts of North America, tobacco had a longer run as official currency (two hundred years) than the gold standard. Money, as we know it, is neither a necessary, permanent nor an immutable feature of any society; it is a social construct and a great variety of items have been utilised as forms of money over the ages, backed by bundles of resources, precious metals, or simple faith (10). The contemporary use of complementary and non-conventional moneys is perhaps best understood as a re-emergence of more traditional, varied and long-lasting forms of currency. The move towards ever more distant, universalised money is, therefore, neither inevitable nor uni-directional. The adoption of a European currency and the erosion of smaller, national currencies is therefore not the only possible monetary future, and growing numbers are claiming that it should be accompanied by simultaneous developments of more geographically-bounded currencies to meet different policy objectives.

The concerns of the nation state towards a federal Europe with a unified currency are somewhat replicated on a smaller scale; subnational localities wish to retain greater self-reliance and resilience of their economies in the face of unstable global speculative finance and unreliable inward investment (11). In fact the European Commission itself recognises this need, having recently funded Bradford City Council £55,000 to develop LETS in the city as a regenerative community economic development policy (12). Furthermore, LETS is now an integral part of the EC's Regional Policy, and also features in their URBAN initiative for regenerating deprived urban areas.

What, then, is the theoretical justification for the adoption of these seemingly anachronistic local and complementary currencies, and precisely what do they hope to achieve? There is a multiplicity of new moneys to consider, and an equally pluralistic set of beliefs advocating them for quite different policy goals. The next section of this paper unpicks the fundamental theorisations of money and exchange to consider orthodox and alternative rationales for parallel currencies, together with examples of local and complementary currencies designed to achieve various policy goals. The final section discusses the potential for local currencies to play a complementary role to that of the adoption of a single European currency and the policy implications of such an initiative.

Exploring Competing Theorisations of Money

This part of the paper has two aims. First, it explores the literature on money, its origins, evolution and place in society, and uncovers a wide range of political economic views, contesting the very nature and purpose of money. To facilitate analysis, this wide spectrum of views are grouped together into two broad bodies of thought, here termed the 'orthodox' and 'alternative' paradigms or perspectives. This dualistic typology is an effective way of organising a multiplicity of arguments and views into a simple framework which highlights the fundamental distinctions between competing theorisations. The 'ideal type' models described are polar ends of a spectrum of perspectives; of course in real life, individual analysts, policy makers and advocates of complementary currencies occupy overlapping positions along that spectrum while tending towards one extreme or the other. The second aim of this section to do discuss various contemporary examples of complementary currencies, and the theoretical and political policy frameworks from which they emerge.

The Orthodox View Of Money

Conventional economics texts define money in a standard way: it is a medium of exchange, a store of value and a unit of account; and any object that fulfils these roles can be considered money (13). Monetary development, from the orthodox perspective, is then a process of improving the effectiveness of the substances used as money throughout the ages, and so enabling modernisation and individual liberation. The views characterised here as orthodox share two fundamental principles which are now examined in turn, and will be disputed by alternative readings of monetary history in a later section of the paper. Following this description of the orthodox perspective, the rationales for complementary currencies within this paradigm are set out, together with illustrative examples of contemporary applications.

Separating the 'economic' from 'social' life, values and actions

The first defining feature of the orthodox view of the development and role of money is that it separates off economic values and activities from other aspects of society, lifestyle and personality. This dualistic approach describes, on the one hand, an assumed economic utilitarian rationality that is expressed in the marketplace, and on the other, non-commercial, socially-oriented behaviour practised in private households, between friends, and in 'irrational' altruistic behaviour. This dualism is treated by classical and neo-classical economists, both within the orthodoxy, in different ways. Classical economists Smith, Marshall and Mill acknowledged that people had strong moral sentiments and unselfish motivations which would rightly reign in instrumental economic actions. However, they located these as 'non-economic' and outside the scope of their mathematical scientific inquiry (14). Other neo-classical economists go further and neglect social and moral dimensions altogether. In these cases the dualism between what is termed economic and non-economic aspects of life has broken down entirely, and utilitarian motives and neo-classical economic principles are applied in all spheres (15). In both the classical and the neo-classical models, therefore, money's domain and the economist's concern is restricted to the commercial sphere, however widely that is defined (16).

The origins and evolution of money: ever-improving efficiency

The second fundamental principle of the conventional wisdom is the idea that money was invented to facilitate more efficient commerce. Smith describes how the origins of modern economic life were hindered by the bartering process: 'when the division of labour first began to take place, this power of exchanging must frequently have been very much clogged and embarrassed in its operations' (17). In the orthodox perspective, the appearance of money in a society is a defining moment in its modernisation: a catalyst for trade, economic growth, individual liberation and the development of civilisation. For the classical economists, this culminated in the Industrial Revolution and the rise of capitalism; for modern economists, attention turns towards less developed countries. Where subsistence economies and traditional exchange relationships still exist, orthodox neo-classical economists seek to understand the market failures that hinder monetisation and entry into capitalist modes of production (18).

For some analysts and anthropologists, money's development and growing pre-eminence was symbolic of a 'Great Transformation' from traditional societies with socially and culturally 'embedded' economies, to modern 'disembedded' market-dominated forms of society and economy. With modernisation, traditional community and social ties were broken, to be replaced by more distanced relationships and much wider communities held together by uniform, exogenous monetary values (19). Though fraught with social conflict, this transformation was inevitable, a restructuring of society bringing individual liberation. Today the link is still strong between conceptions of money, freedom of choice in a market economy, and political liberty (20).

From its inception as an efficiency gain over barter, to the present day, the orthodox history of money follows a 'logical sequence' of improvement (21). In this orthodox, linear history, specific-purpose and localised monies were replaced by general-purpose money and Simmel, writing at the turn of the century, forecast an ever greater qualitative homogenisation of monetary forms as society became more complex and sophisticated (22). Orthodox monetary futures, therefore, promise smoother monetary integration and the development of more universal monies: the Single European Currency being a good example. Each step, from primitive moneys, metals, coins, notes, private and then centralised backed notes, and finally the abstracted and increasingly imaginary forms of digital cash and credit emerging today, representing, as Hicks notes 'ever more sophisticated ways of reducing transaction costs' (23). The mathematical abstractions of neo-Classical economics demands that money is a politically and logically neutral tool, whose transparent role as a means of exchange is neither influenced, nor affected by, its form or by psychological, social or cultural contexts (24). With this homogenisation of financial arenas is an acceleration of communication potentials: what Harvey calls 'space-time compression' and O'Brien heralds as 'the end of geography... a state of economic development where geographical location no longer matters.' (25)

Complementary currencies within the orthodox perspective

The orthodoxy's drive for efficient monetary integration means that, as Tibbett notes, 'national currencies, local currencies [and] competing currencies are seen as anachronisms, imposing social and economic costs and impeding economic growth' (26). However, where market failures result in inefficient outcomes, complementary currencies and exchange mechanisms are deemed acceptable. The forms of money discussed here all address a failure in the operation of conventional money, according to the demands of monetary orthodoxies.

Barter: Overcoming capital and labour market failures

The first example of a complementary currency being advocated by holders of orthodox monetary views is that of barter. Despite being an inefficient mechanism for trading, commercial barter and countertrade are condoned as business practices where shortage of hard currency prevents Eastern bloc countries trading with Western countries (27). Considering both corporate and household barter (LETS), Liesch *et al* and Stodder explain that where capital and labour market failures exist (the strictly neo-classical explanation for unemployment), the inherent Pareto inefficiencies of barter (resulting from an imperfect market) can be outweighed by benefits to individuals, though producing sub-optimal outcomes overall. Thus, bartering and LETS can sometimes be economically rational, especially in a close-knit small community where the transaction costs of barter-like exchange are low. In exchange schemes founded with the intention of community networking, some claim they may be negligible (28), though empirical evidence suggests that instead they are rather high (as a result of inefficient mechanisms - contacting people, arranging trades, geographical distance between members, etc) but that there are compensating 'transaction benefits' in the form of personal interaction and a sense of community, which outweigh these costs (29).

A pure medium of exchange: Overcoming scarcity as a result of hoarding money

A second situation where the orthodox view of money condones the use of complementary currencies is where money's primary role as a transparent, neutral medium of exchange is hampered by its tangible nature as a store of value. People's desire to save (or hoard, rather than invest) money, can result in a scarcity of a means of exchange. The cause of this problem is interpreted variously: from the neo-Classical view, it represents an intolerable failure in the functioning of money. As a medium of exchange, money should be pure information, and this is one common way of describing LETS: Michael Linton, LETS designer, asserts that 'Money has no value in itself... it's nothing more than a measure... A community short of money is like a carpenter short of inches'. He further conforms to monetary orthodoxies claiming that 'LETS itself is colourless, apolitical and amoral' (30). Indeed, Linton's assertion that inflation is impossible within LETS because the amount of LETS currency created exactly matches the amount of trade performed is a clear statement of orthodox monetarism (31).

In contrast, the Keynesian approach dismisses the neo-classical view of money being technologically neutral. Instead, it treats money itself as a commodity with its own supply and demand functions, affected by interest rates and inflation (32). From this perspective, money's function as a store of value becomes prominent, and an over-emphasis on this aspect would lead to a shortage of liquid funds available for transactions. Here, the twin functions of money compete with each other, and Dodd notes that any particular form of money's effectiveness at performing either role is inversely proportional to its ability to achieve the other (33). There is, therefore, a problem with types of money that combine both primary functions (means of exchange and store of value) in one form.

This became most apparent during the Great Depression of the 1930s when work needed doing and workers were unemployed, for want of money to pay them to work. Additional local currencies were created to lubricate economies and facilitate exchange. In Europe Silvio Gesell proposed and implemented 'Free Money,' a system of currency notes designed to 'rust' as other commodities of value would similarly decay, and so 'step lively' (circulate very quickly), enabling higher levels of trade and a higher local economic multiplier (34). This was successfully implemented as a local economic development strategy in Worgl, Austria, and also in Germany, to fund public works. Keynes referred to Gesell as a 'strange, unduly neglected prophet' (35) and approved of the stamp scrip idea as a way of beating the recession and solving the problems of deficient effective demand. Irving Fisher took the idea to the USA, where his Quantity Theory of Money showed that boosting trade could not be done by increasing the money supply (because people did not want to hold money) so it was achieved by increasing the velocity of circulation of money instead (36). Scrip schemes were adopted in over 300 US cities, towns and villages, and successfully kept local economies working through the Depression, until they were halted by President Roosevelt for fear of his losing control of the money system (37).

Many local currencies today claim Stamp Scrip as their historical antecedents, and LETS is frequently described in similar terms (38). Studies of LETS have sought to quantify the additional trade which has been facilitated by the 'injection' of LETS local currency, and frame the schemes in terms of supplementing scarce local money supplies. For example, from a national survey of LETS in the UK in 1995, Williams estimates that LETS generates an annual £2.1 million worth of trade (39), or around £70 per capita per annum. Though small in economic terms, the significance of these amounts to individual members must not be underestimated: they frequently provided access to goods and services that brought real improvements in quality of life: training and education, for instance on information technology or car maintenance, property repairs and advice, childminding, lifts to hospital, second hand household items and home-grown vegetables were all exchanged among members. For conventional economists this is perhaps the most easily understood role of LETS, to boost local economic activity and raise the local multiplier. However, studies show that there are several limitations which prevent this function of a complementary currency being as effective as it could be. These are, first, the small scale of the schemes and the resulting restricted range of goods and services on offer, and the large distances between members in a scheme covering a large geographical area (more densely populated clusters of members are found to trade more). The second obstacle is faced by participants in receipt of state means-tested benefits who risk their LETS trading being treated as though it were cash earnings, possibly resulting in deductions from cash benefits, and so deterring the unemployed from joining (40).

Locally-bounded currencies: Overcoming mobile money and financial exclusion

A third orthodox rationale for complementary currencies is because communities may also suffer a shortage of a means of exchange where money (as a store of value) is systematically removed from a locality by centralised banks and firms, for investment in more profitable areas. For some commentators this is essentially a problem with the mobility of money; a geographical focus reveals the economic disparities and financial exclusion suffered as a result of globalisation of financial markets which leads to: 'spatial centralisation of financial system [and] to uneven development between the centre and the periphery of the space economy, and to regional dependency. There will be a net flow of funds from the periphery to the core' (41). At the local level, there are two responses to this situation. The first is to implement local financial mechanisms (using conventional money) such as community-based banking, credit unions and micro-financial initiatives offering services to those normally excluded. These projects, as Prime Minister Blair describes, form an integral part of the UK government's Social Exclusion Unit's toolbox, 'giving people and communities the means to help themselves' through credit and business support in areas abandoned by the banks (42).

A second response to financial exclusion at the local level is to by-pass conventional money systems altogether and provide alternatives to fill the economic spaces. Mainstream economic thought is beginning to condone the use of complementary currencies at international, national and regional levels in order to protect smaller areas from economic repercussions of financial instability and monetary relocation in wider currency circuits (43). In the context of a potentially disempowering global economy, a local financial tool such as LETS can imbue a sense of locally-constructed identity, and can reflect locally-specific social values and cultural conditions. It articulates a fear of losing control to outside forces by giving material form to a 'backlash' towards localism (44). In addition, it can do more than symbolise resistance; Lee, Pacione, Douthwaite and Williams all show how it challenges the hegemony of internationally mobile money in material ways. By facilitating greater local self-reliance and resilience, local moneys provide a protective shield against external economic influences (45). LETS currency is geographically bounded and cannot leave its area, preventing wealth leaking out. Linton and Greco describe local economies as 'leaky barrels' where incoming money soon leaks away and must be replaced by new sources of income (46). LETS, in this analogy, plugs the holes in the barrel. In a study of rural LETS in the UK, Williams frames LETS as 'local purchasing' initiatives: they promote local economic development by increasing the local multiplier effect (47). From this perspective, keeping money circulating locally is as important for local economic development as attracting new money from outside.

'Hours' is a note-based local currency first established in Ithaca, upstate New York, and now with about 40 similar schemes in use throughout the US. In Ithaca, the notes proclaiming 'In Ithaca We Trust' are used by 300 local businesses, farmers and customers, and its aim is to regenerate the local economy by keeping money circulating locally. The currency is carefully managed by its founder, Paul Glover, to ensure that bottlenecks do not slow down trading and users do not experience difficulty spending their Hours. This scheme has many objectives and characteristics in common with LETS, but the prime difference is that the notes circulate freely between users, and there is no central record-keeping of transactions. Despite this, Glover estimates that the 5,700 Hours he has put into circulation between 1991 and 1996 have changed hands so many times that $1.5million worth of trade has taken place (48).

On a larger scale are alternative trading schemes and banks which also operate along geographically-limited principles, to foster wealth creation and trade within their areas. Examples include the country-wide Wir 'business ring' local barter currency and banking network in Switzerland which had 60,000 corporate members in 1993, with a turnover of £12 billion (49). This aims to offer interest-free local currency loans to small and medium sized businesses, to allow them to thrive and compete more effectively. The nationwide JAK interest-free bank and currency scheme in Scandinavia is also enormously successful, with 40,000 members in 1993 and a turnover of $300 million (50). LETS has not been so successful in attracting business participation, partly because of the difficulty reconciling the commercial values of the conventional economy with the redefined social values expressed within LETS (51). LETS, it appears, occupies a value-domain outside the conventional economy, and so its theoretical place within the orthodox body of monetary thought is undermined by its application, as will be further shown below.

Digital and private currencies: Bypassing state controls

In the orthodox view, future money is generally described as a pure, dematerialised and increasingly imagined medium (52). New developments in digital technology and electronic money promise 'friction-free capitalism... Adam Smith would be pleased', as Bill Gates forecasts (53). For some, this offers the opportunity to avoid state control of money. Hayek and others propose the revival of competitive private currencies and banks, to avoid political management of the money supply, and LETS advocates again find common ground with orthodox monetarists here (54). However, as Gleick points out, monetary privatisation is occurring already, and without any political outcries: 'A frothing mix of public, private, semi-public, bank and non-bank institutions are rushing in with new forms of money' (55). Token currencies such as air miles, supermarket loyalty points, and 'beenz', the new internet-based virtual currency, which can be exchanged for goods and services, are introduced by corporate alliances building on faith in brand-names rather than government, complementing official money (56). The Mondex smartcard and digital cash experiment demonstrated the ease of using electronic money for everyday transactions using national or international money, and for some, these processes are eminently applicable to local currencies (57).

The Alternative View Of Money

A different reading of the history of money produces startlingly different conclusions and prescriptions. The alternative perspective rejects the orthodox view that 'economic' life is a separate sphere from the social. The 'humanistic', 'new' or 'social economic' traditions represented in this alternative body of thought are predicated on the pursuit of a common (socially just) good, and incorporating a social and spatially-specific dimension into economic analysis, as a response to the problems of geographically-uneven development. As humanist economist Mark Lutz states, these elements are 'visibly absent from the orthodox individualistic creed' (58).

Rejecting economic orthodoxies, Sahlins precedes his economic anthropology with the statement that 'economy' is 'not the need-serving activities of individuals, but the material life process of society ... What are in the received wisdom "non-economic" or "exogenous" conditions are in the primitive reality the very organization of economy' (59). Furthermore, these terms are historically and culturally specific, and thus Parry and Bloch challenge the orthodoxy that money shapes society, and instead claim 'an existing worldview gives rise to particular ways of representing money' (60). Money is thus a 'multiple vision' (61), requiring interdisciplinary understandings, though the common thread running through all these accounts, explains Zelizer, is that 'money is attached to a variety of social relations rather than to individuals' (62). From this foundation, the alternative view of money builds a critique of the fundamental principles of the orthodox model. It presents evidence that even today, modern money is neither so universal, homogenous nor so disembedded from society or geographically-neutral as the orthodox perspective would claim. In addition, quite different rationales for complementary currencies are given to those found in the orthodox perspective, and once again examples of these new moneys are described, together with empirical findings that seek to substantiate these claims.

The origins of money: facilitating social relations

Given this alternative conceptualisation of the place of economic exchange within social life, anthropological studies by Malinowski, Mauss, and others of traditional societies and their exchange mechanisms throw light on contemporary debates. These reveal that in the history of money, a great many forms have been used to suit various conditions and serve specific functions. Beads, cowrie shells, great immovable boulders, pieces of metal and jewellery have all served as money, though in many cases they were suitable for limited-purpose exchanges only. In some societies, money hardly emerged at all, while in others it existed in a separate sphere of influence to existing exchange networks. Economic history is thus recast *within society* to explain how in traditional societies, and in Western Europe until the end of feudalism, the division of labour and distribution of produce was accomplished by complex social arrangements of reciprocity, redistribution and householding, where self-sufficiency was paramount, and production for exchange came second (63). Economic and political institutions reflected these principles, enabling sophisticated economic activities to function *without* the money- or market- dominance assumed necessary by orthodox economists. Polanyi's term 'social embeddedness' describes the economies of traditional societies before undergoing the transformation to a modern market economy, in which 'man's [sic] economy, as a rule, is submerged in his social relationships.... so-called economic motives spring from the context of social life' (64).

From this alternative view, money did not emerge as an efficiency improvement over bartering. Rather, it evolved out of pre-existing social practices, as a by product of rituals and ceremonies that marked significant interpersonal relationships. Money, then, developed as a 'creative facilitator of human relationship and human community', as William Bloom explains (65), and its influence, then as now, is not restricted to an 'economic sphere'. Thrift's perspective on money 'focuses on the *social relationships* that are involved in monetary transactions, rather than the *object* which mediates these relationships' (66), and since monetary social networks are populated by people who exist in places and localities, a geographical analysis is called for.

The evolution of money: modern money is not disembedded, homogenous or universal

The alternative perspective has so far challenged the orthodox creation story of money, and the modern, Western conceit that distinguishes between economic and non-economic spheres and values. It now addresses the evolutionary process of money, claiming there is no truly all-purpose modern money, and that the trend towards monetary homogenisation has been overstated. It begins by contesting Polanyi's faith in the Great Transformation as an historically deterministic event itself. The dichotomy between traditional, socially-embedded economies and modern disembedded market-oriented society is a false one, according to the alternative view, and this creates a space for Miller's more 'diverse and contingent models ... of exchange' (67). In their groundbreaking contemporary anthropology, Douglas and Isherwood find that goods consumption in modern societies is as deeply inscribed with reciprocity, ritual, social meaning and cultural resonance as in the 'exotic tribes' beloved of the explorers of the early 20th century (68). Similarly, Crewe and Gregson explore car boot sales as an example of marginal consumption spaces (which could also include jumble sales, street markets, collector's fairs, and potentially household barter such as LETS) in contemporary Britain, and discover the conventions and values of the marketplace and malls have been replaced by something altogether richer, more complex and locally meaningful (69).

Modern money and exchange relationships are still socially-embedded. Humphrey and Hugh-Jones state that 'If it is not the case that the problems of barter led inevitably to the development of money, nor is it the case that, in the contemporary world, money has destroyed barter' (70). Complementary currencies and specific-purpose moneys are in common (if marginal) use, and unconventional exchange mechanisms which embody non-commercial values prevail in many aspects of social life. These locally-specific monetary practices belie the universalisation of financial space and demands a recognition of the importance of space and place as they are experienced by the actors in monetary social networks: as Martin states, 'globalisation may well have annihilated *space* but it has by no means undermined the significance of location, of *place*' (71). Leyshon and Thrift assert that 'the history of money and credit has been a geography too, and that geography has been and is constitutive of what money and credit now are... monetary forms, practices and institutions are contingent in both space and time' (72). Hence space and scale are important to the alternative perspective on money, as they bound and define the localities where socially-constructed interpretations of money originate, and where socially-embedded exchange takes place (73).

Furthermore, monetary homogeneity and universalisation has not occurred, as demonstrated in the following two ways. First, as described above, there are problems when a money fulfils two conflicting functions (exchange medium and store of value). Second, despite the appearance of universalism, the splitting up of even one official currency into separate domains and marked fields of use is commonplace (though again, usually defined as outside the economist's sphere of interest). Zelizer describes how 'earmarking' of money from different sources and for different purposes restricts its use: a bribe has distinct meanings and social boundaries that a tip, a gift, a charity donation or wages do not, and this refutes the conventional wisdom's claims of general-purpose modern money: 'Multiple monies in the modern world may not be as visibly identifiable as the shells, coins, brass rods or stones of primitive communities, but their invisible boundaries work just as well' (74). Whitehead shows how, within households, the gendered 'marking' of different moneys reflects and reinforces relations of power, control and conflict, and is 'rooted in the nature of social relationships' (75).

These challenges to the orthodox view essentially argue that money lacks neutrality in a wide range of contexts: being neither economically transparent (see above), socially anonymous, nor politically neutral, as it is a structural embodiment of the power relations between classes. Furthermore, money's material role in contemporary capitalism cannot be underestimated, as Corbridge and Thrift describe how monetarist policies cause the 'restructuring of "real" communities by the community of money' (76). Indeed, this last aspect of money, related to the concern for social justice, has enormous significance for the alternative body of monetary thought presented here. As already discussed above, processes of globalisation have resulted in geographically uneven development and 'spaces of financial exclusion are beginning to open up in the UK and elsewhere', and within these, 'spatially particular, rather than parallel, financial institutions are beginning to emerge' (77) which are constituted by local socially-embedded relationships, and which embody locally-specific values and conditions.

Complementary currencies within the alternative perspective

The alternative currencies examined here frequently seek to address the same economic problems as those addressed by the orthodox view above, but they go further by recognising of the social embeddedness of economic activity, and seek to reflect and foster those aspects of money which are geographically-rooted and dependent upon place, local knowledge and social relations. These modern ideologically informed enterprises are explicitly concerned with creating alternative institutions of accumulation and exchange that 'reclaim capital,' foster community ties and strengthen social cohesion (78). Indeed, this heterogeneity of moneys and values, though anathema to conventional economic wisdom, has distinct benefits, and Mulgan asserts that 'Putting all of economic activity into one model, one money or one rationality makes the system less adaptable and less resilient to shocks' (79).

Barter: Bridging incompatible value regimes

The alternative perspective offers a quite different interpretation of the East-West business barter operations: because money served a different purpose in Eastern bloc countries (socialist money being regarded as 'labour tokens'), it did not represent economic value as it does the West, and the direct meeting of two such disparate value regimes is untenable (80). In addition to corporate countertrade, the prevalence of household barter such as swap clubs, and to some extent LETS, in modern monetised societies is also held to be related to social factors, rather than economic ones. Their arrangements are culturally located as 'non-commercial' in their value base (81), and already shown, this is certainly true with regard to some complementary currencies such as LETS.

Moneyless Utopias: Promoting equity and social justice

Historically, utopian visionaries have frequently conceived of exchange relationships serving social need, rather than the profit imperative. Robert Owen's proposed labour notes aimed to promote egalitarian values by basing exchange upon a labour-time value standard. Later Owenite experiments included 'equitable labour exchanges' where artisans traded their produce and services directly; their failure was in part due to the limited range of items available (82). In Eastern bloc countries, socialist money was a halfway step towards a moneyless economy. In one of the more market-oriented socialist countries, in 1960, nearly a quarter of Hungary's labour income was paid in kind, and after the fall of communism, factory currencies became more common, whereby wages could be redeemed at the factory shop (83).

As a moneyless trading mechanism, LETS is described both as a tool to tackle social inequality (research shows that LETS disproportionately attracts members from low-income households and the unemployed) and as a means for creating new economic geographies which enact locally-defined value regimes (84). Perhaps the most common example of value redefinition in LETS is the use of common hourly rates of payment, regardless of the nature of the work provided, adopted as an egalitarian and redistributive policy. In the tradition of the Utopian alternative moneys then, LETS serves the needs of socially excluded groups in society and allowed them access to goods and services, and employment opportunities they would not otherwise have had. Furthermore, it provides a cherished space for the practical expression of values and priorities normally 'crowded out' of conventional market exchange relationships (85).

Volunteer service credits and LETS: Regenerating social capital and building community

A third arena where the alternative monetary perspective advocates the use of complementary currencies is to address declining social capital and community fragmentation. This is essentially a matter of imbuing money with some of the social meaning and community ties that it traditionally held. In the mid-1980s Edgar Cahn developed his idea of rewarding people for every hour of their community service volunteering in Time Dollars. His scheme would fill the gaps in social care provision between what friends and extended families used to provide, and state provision could not cover. In contrast to money ('unencumbered by loyalty or history... frictionless and "efficient"'), these would provide material incentives for altruism and community building: 'what an economist calls friction is sometimes the glue that holds society together... perhaps there should be rewards for staying in place, for sinking roots, for accepting responsibility, for building community, for keeping family together' (86).

In 1998 there were over 200 time banks and service credit programs operating in 30 states in the USA, and schemes frequently have many thousands of members offering their time and skills. These are far from middle class enclaves. State initiatives include Time Dollar projects whereby 'welfare mothers' and the unemployed earn credit for volunteering which they can redeem for food, and they also get to join a support network that redefines them as providers of useful services. Crucially, and unlike complementary currencies in the UK, these are professionally-managed projects, requiring around $50,000 a year to run a central office and sophisticated computer system for coordinating the needs of community members with volunteers available. However, schools and health authorities have found it profitable to fund such schemes because of the long-term public savings from improved social health care, for instance, or mentored schoolchildren achieving more at school and lowering crime levels (87). A slightly different approach is taken by Joel Hodroff, designer of the Commonweal dual currency experiment in Minnesota, USA. This embryonic scheme combines service credits with commercial non-cash incentives (such as off-peak cinema tickets) from mainstream businesses in the Mall of America, among other places, using an electronic dual-currency smartcard (88). Wider social benefits from involvement in community volunteer programmes are combined with personal development and economic gains. These social consequences are the strength of service credit schemes; they are far more than mechanical skills exchanges. They are a form of 'money with caring built in' and explicitly seek to rebuild strong non-market economies (89).

LETS, though framed as a reciprocal trading network and run on very small budgets by community activists, delivers many of the same community benefits on a smaller scale. LETS offers a face-to-face community network that can rebuild social ties and strengthen community spirit, and its publicity emphasises the non-economic benefits of the schemes, for example 'An effective community is a process, an ongoing collection of interactions and continuing relationships. ... LETSystems... create patterns of trading comparable to gift exchange networks' (90). LETS' role as a re-embedded, 'new moral economy' is explored by Thorne who finds participants seek 'social integration concretised through trading' (91) and Lee, who claims that participation in LETS necessitates 'a preparedness for *inclusion* which goes beyond a mere response to social or financial *exclusion*' (92). Empirical studies have shown how large social and community-building benefits, combined with a growing sense of self-worth and being valued, outweigh the economic advantages. For some members their commitment to the idea of a more egalitarian and community-oriented economy is the most important factor in their participation, and social interaction is a key factor in the ongoing success of schemes (93).

There are also large social equity implications of LETS, expressed in several complementary ways: some LETS members accrue large surpluses of credit, and then donated them to others either directly or through a redistributive 'community' account. LETS attracts people on the margins of the conventional economy, and allows them access to goods and services they could not otherwise afford. In addition, LETS allows people on the margins of society to gently begin to reconnect to their communities, building up confidence and abilities within a supportive network. One LETS organiser described how LETS would be good 'occupational therapy for the nation', facilitating social contact and socially-useful work (94).

Once again, the potential for LETS to regenerate social capital and build supportive social networks is limited by its small size, and the government's benefit restrictions, putting off participants from the most socially-excluded groups. However, the informal, non-professional aspects are, from this perspective, not a problem but a positive benefit. As a local response to globalisation, therefore, LETS offers opportunities for disempowered communities to recover some monetary self-reliance and re-embed globalised economic life within very tangible, local and personal social relations.

Conclusions and Policy Implications

This article has explored the contemporary use of parallel, complementary, regional and local currencies at the subnational level, within the context of a globalised economy and the adoption of a Single European Currency. It has shown that, far from being anachronisms, complementary currencies are a creative, innovative and increasingly mainstream policy tool with an important role to play in the development of localities, alongside national and international currencies. Whether one adopts an orthodox or an alternative perspective on money, economic activity and society, there are strong justifications for their use and for valuing their role as a geographically-bounded and locationally-specific alternative to 'conventional' money: they are a means of 'underpinning an aspect of the economy which this current late stage of capitalism seems to be ignoring - local life', as asserted by alternative economist David Boyle (95).

Among these examples of both orthodox and alternative parallel currencies, only one contemporary form, LETS, is found to be relevant to both schools of thought, and has the potential to address the various policy objectives of each perspective. However, it faces several obstacles before it can realise its potential, and there are further intrinsic limitations which are highlighted by the ideological analysis undertaken here. The policy implications of this are twofold. First, policymakers should adopt and support the growth of complementary currencies in order to pursue economic and social policy goals such as poverty alleviation, local economic development, community development and strengthening social capital and capacity building, and tackling financial and social exclusion in general. Complementary currencies could be implemented at a range of levels (local, regional, national, international), to serve different purposes and trading circuits (96). Second, the difficulty faced by benefit recipients when participating on local trading schemes needs to be addressed: state welfare policy should be rethought to encourage the jobless and the poor to engage in self-help activities of this sort. With such an enlightened pluralistic vision, the 21st century politician, from whatever political standpoint, should be in a position to talk about the Euros, the Pounds and the Shells in *all* our pockets.

However, despite the widespread appeal of LETS, it is insufficient simply to note its popularity across the social policy spectrum. LETS is equally advocated by holders of opposing ideologies, for quite distinct political and economic reasons. The consequences are that while LETS may be palatable to mainstream, orthodox policy-makers, its more radical aspects may be neglected and sidelined. Proponents of the alternative perspective must therefore be vigilant that the mainstreaming of LETS is not accompanied by a loss of the alternative, socially-embedded values which, for them at least, primarily defined it as a useful policy initiative. An enlightening example of this process at work is the case of Time Dollars and volunteer service credits. Where Cahn stresses the personally empowering nature of participation in volunteer service credit programmes, others concentrate instead on the coercion of welfare recipients into a parallel 'favour economy' in order to further reduce state spending (97). The distinction between the *intentions* of these two approaches may be clear, but may not be so easily distinguished in *practice*. The dualistic analytical strategy used here has served to illustrate the fundamental distinctions between rationales for complementary currencies, and shows that while

LETS is a pluralistic initiative which finds favour with opposing political agendas, what is at stake are the very meanings of LETS, money and exchange itself.

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