

# Local money, local food

## How community currencies can contribute to more just and sustainable food systems

A blog by Magdalena Pitzer

*It is a wild idea - and an even wilder fact - that communities can make their own money: so called community currencies. Their social and economic impacts have already been widely researched, but some questions remain. Like, how are they connecting to local food systems? And what role does their design play in this?*



### The world of Community Currencies

Community currencies CCs is an umbrella term for many different types of alternative currencies. Their classification is an academically contested topic, but a common distinction divides them into complementary currencies, time banks, local exchange and trading systems and barter systems. The single currencies distinguish themselves in many ways, for instance through the size and the aim or the way value is created.

In a timebank every member's time has the same value. For each hour of work, they get a certain amount of the CC money in return. They then can trade their CC money for other services that are offered in the community. In Local Exchange and Trading Systems LETS on the other hand they can get CC money not only for their time, but also for goods, such as apples from the garden or second-hand goods.

Opposite to these currencies where the community money receives its value through time or the exchange of goods, complementary currencies receive their value through the national currencies, because they are, much like a voucher, bought with the national currency. The main difference to vouchers however is that they get spent again in another partner business by the business that received them.

CCs are already a well researched topic, and there are many, often qualitative, impact studies (there is even a journal exclusively for CC research). And they show that CCs can have many effects, especially social and economic ones. For example, members of timebanks find a new social network with new connections, and they can use their skills and time to earn hours - which often can lead to a boost in self-esteem, especially for

unemployed people. And the network can also help with feelings of loneliness and/or social exclusion.

Economically, businesses benefit especially from CCs such as complementary currencies through increased turnover rates and increased resilience in the face of external shocks.

So, it is clear that CCs can have quite an impact on their surroundings. But despite all the impact studies, the way CCs interact with other systems such as the food system is still a little researched topic. So I found myself exploring the following question: if CCs can be so impactful, how are they actually connecting to and influencing local food systems? And what is the role of their design in this?

### Insight #1 - Difference is the main commonality

The kind of impact CCs can have depends on their set-up - and here difference seems to be the main commonality. Every currency was created with its own purpose in mind, and this leads to the great diversity in how they are organised and in the underlying philosophies - and also to the types of relationships to food that can be found in them.

For example, in the LETS *Rozletse* members trade goods from their gardens, such as pumpkins, walnuts or apples. They also trade processed food, such as jams or juices. Over a third of the exchanges are related to food - and the gardens of the members are used for the monthly meetings. They also organise skill-share lessons, or talks about gardening and permaculture. This can also be explained by the group's origins - after all it was started by a group of permaculture enthusiasts.

On the other hand, the *Utrechtse Euro* has many partner shops where one can buy food - like food retailers, artisanal shops, bars and restaurants or even some primary producers. So there are a multitude of different food offers that can be bought with the *Utrechtse Euro*, while the timebank on the other hand "only" offers vegetable packages. And in the case of the *Rosletze*, only food that is produced from the members' gardens gets traded.

At this point it is important to note that the *timebank Den Hague* has a really fascinating cooperation with the *Lekkernassuh* food network. Usually, time bank members can only trade services - but because the time bank has a cooperation with a local food network, the members of the time bank Den Hague can also buy vegetable packages with their hours. There is an ingenious pricing mechanism to avoid that one hour of working time is directly translated to Euros, because the timebank wants to avoid having a direct exchange course.

### Insights #2 - It is not that easy (but also no lost cause)

CC users can not satisfy all of their food needs with community currencies. Often, there are simply not enough food offers available - and generally, most food supply chains are too complex to be completely covered by one community currency. And there seems to be another problem - the local multiplier effect (which is a key argument behind the idea that CCs can encourage food system localisation) seems not to be working as well in practice as it does in theory. The local multiplier effect says that when money gets spent locally, the extra cash flow in the region will strengthen the local economy. In the case of CCs this means that shopkeepers who receive community money will look for local

suppliers to spend it with. And these local suppliers will spend it again in the local partner shops - creating an extra cash flow and a more resilient local economy. However, in the case of food supply chains, reality seems to be more complex. Restaurants already have business relationships, and are often reluctant to change their providers. And for farmers, it can be very tricky to spend the currency again, because they can not easily find the supplies they need in local partner shops. Additionally, the extra bookkeeping for the second currency can be labor intensive, especially for small shops or farmers.

But still, CCs can change the way people access and value food. In the timebank, members can receive vegetable packages in exchange for their working hours - which offers a new way to think about the price and value of food. And despite the fact that there is not always third party auditing involved, they trust that the farmers produced high quality vegetables in an organic way. In the LETS *Rozletse*, the members get encouraged to use what their gardens offer and to exchange their produce.

### Insights # 3 - Better together - but not inherently flawless

CCs can work together with other drivers of change and they can support each other, as the example of the *timebank Den Hague* and *Lekkernassuh* shows. They are two social innovations that strengthen each other's transformative power. But even though CCs often have very social objectives and want to decrease inequalities, there is also a risk that they reproduce current unjust power relations. For example, it requires a lot of work and awareness to try and even out the different starting positions of CC members. Wealthy people can easily buy complementary currencies which are exchangeable for national currencies. Additionally, the business partners in the case studies sell often more expensive products, resulting in rather homogenous, middle-class user groups. Timebanks give each working hour of a member the same value - but they can not even out that some wealthier members or members with fewer care responsibilities have more time they can use for exchanges. The same is true for LETS, where matters of wealth can decide which and how many offers someone can make. For example, people with a stock of products to trade or popular skills like massaging find it easier to earn money and further participate in the system. This was also observed in a LETS in Spain, the *Malaga Comun*. Despite a high awareness and willingness among its members to trade more with members in need (eg. who were in debt or unemployed), they could not even out the different starting positions and inequality among its members remained.

### To sum up

CCs can be impactful, but it depends on their design and objectives. They can nudge their users to consume more locally produced food - or to think differently about the price of food. And while they can not localise a food system by themselves, they can have many other positive effects. Reason enough to keep researching their influence on the food system localisation - especially the perspectives from producers are still missing. What do they need to participate more in CCs? And which design choices do they prefer? And some other important questions - how are CCs connecting to other systems, like energy or mobility? What kind of synergies can they find to drive transformative change - like the

*timebank Den Hague* and *Lekkernassuh* manage with their cooperation? And how can CCs become even better at addressing inequalities ?

## References

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Magdalena is an intern at DRIFT and just about to finish her MSc in Development and Rural Innovation. She is passionate about climate justice, transformative change, community currencies and just transitions.