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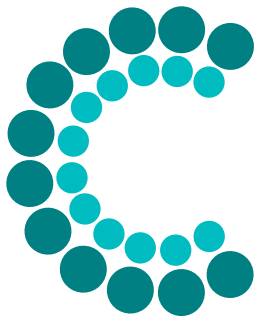
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# Classifying “CCs”: Community, complementary and local currencies’ types and generations

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## Abstract

Since the emergence of “CCs” thirty years ago, attempts to build typologies and to name things properly have always been disappointing, as if the very object of the analysis escaped from any rigid classification. Even the terms “complementary currency”, “community currency” and many others are not considered similarly; as a result, there is no common typology shared by scholars, activists and observers, beyond a series of general considerations clearly distinguishing specific items between CC schemes. This paper presents a novel attempt to classify and categorise CCs in a way which looks to future developments, while capturing the diversity of historical origins. The ideal types of community, complementary and local currencies let the possibility of combinations able to analyze concrete forms of non-national and not-for-profit currencies. The teleological exclusion of sovereignty and, more important, profit motives must be emphasized. The present typology states that for-profit currencies are of another nature than CCs, and it draws up an ideal-type of CCs built around a democratic participation principle organized around non-profit organizations, grassroots organizations or informal groupings of persons.

## 1. The problem of naming and classifying

Since the emergence of “CCs” thirty years ago, attempts to build typologies and to name things properly have always been disappointing, as if the very object of the analysis escaped from any rigid classification. A major problem that arises with regards to CCs is the obsolescence of previous typologies, due to rapid innovation and the weakening of borders (technological, juridical, political, ideological...) that seemed unlikely to be broken down.<sup>1</sup> Even the terms “complementary currency”, “community currency” and many others (with language specificities in English as well as in other languages – for example, in Latin language-speaking countries, something like “social money” is frequently employed) are not considered similarly by activists, scholars, policy-makers or users. As a result, there is no common typology shared by scholars, activists and observers, beyond a series of general considerations clearly distinguishing specific items between CC schemes. Whether this raises a major problem or not deserves reflection, since the diversity and the innovation dynamics of CCs are not constrained by the lack of

commonly shared typologies – on the contrary, they might be facilitated by it. One could add that building a typology requires first to state the precise objectives of it; different objectives may lead to different typologies (Blanc, 2009).

Under this respect, the English acronym “CC”, which can be found in the very title of this journal<sup>2</sup>, can serve as a quite suitable meta-name, because it has the ability to hide and go beyond the conflict between those who think in terms of “community currencies” and those who think in terms of “complementary currencies”. Unfortunately, we do not observe the same use of a meta-name in other languages (at least in Spanish and in French), which would be able to transcend conflicts and almost gather, in a single term, very distinct, and evolving, schemes.

The present short paper aims at proposing ways to build typologies in a flexible framework, able to include further developments of the matter. Section 2 discusses the principles of a CC typology. Section 3 proposes a distinction between local, community, and complementary currencies, based on the schemes’ projects. Section 4

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distinguishes four generations of CC schemes, and section 5 concludes.

## 2. Principles of a typology

In 2006, the Workgroup on Solidarity Socio-Economy supported by the Charles Léopold Mayer Foundation for the Progress of Humankind (FPH) set up a Social Money Workshop Facilitation Committee, whose coordination was assumed by Stephen DeMeleunaere. This committee attempted to explore "the Typology and Terminology used when discussing mechanisms" and intended to set "the outline of a common typology for the mechanisms of exchange systems" (DeMeleunaere and Blanc, 2007). The general conclusions are worth repeating here, because they help understand the basis on which a general typology should be built.

First, a typology of items must be distinguished from a typology of systems. While the first one consists in a list of a series of elementary items of every system allowing to identify variations (for example, choices with regards to currency issuance backing), the second one consists in combining elementary items, thus identifying relevant systems. The problem is then to build relevant sets of items making a system. Second, the Social Money Workshop Facilitation Committee report validated the principle of a general typology of money systems rather than a specific typology of CCs. Under this viewpoint, CCs do not necessarily appear different in their nature from current money systems. They can be either similar in their nature (thus distinct in their extent or their scope), or different (if it can be shown that crucial distinctive features make a difference in their very nature). Third, a typology should not be built in order to classify observations – as a lepidopterist does; it should be flexible enough to let space for innovation through the development of new systems.

As a conclusion, a typology should be opened enough to let innovations develop: a given typology cannot claim to be the only relevant one, and it might be permanently discussed and transformed (DeMeleunaere and Blanc, 2007). One possible conclusion is that there is no easy way of building a common typology, unless its purpose is made clearer. If there is a need of building relevant typologies in order to feature in a clever way the diversity of existing cases, replacing existing typologies by a single one

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appears to be vain. Eventually, building a new one should not close the door to counter-typologies, and should not be presented as the only possible one.

The difficulty is surely not to be underestimated. For example, Kennedy and Lietaer's discussion on typologies starts with a typology of CCs according to their purposes, but they fail to deepen it in a sufficient way, and eventually discuss more thoroughly a series of elementary items: their form, their function, the way they are issued, the way their costs are covered (Kennedy and Lietaer, 2004). The Social Money Workshop Facilitation Committee report itself failed to draw up "the outline of a common typology for the mechanisms of exchange systems", by proposing only a series of reflections with an account of a typology of items (DeMeleunaere and Blanc, 2007). In a previous work, I tried to go beyond items by centring on CCs organizational choices (Blanc, 2009). I defined a set of five coherent schemes according to the compatibility of their choices to their objectives. This attempt did not lead to the definition of rigorous criteria for a typology. Other difficulty to be addressed, typologies too often consider CCs through fish-eye lenses, gathering every non-national currency under the same banner.

## 3. Ideal types according to projects

As a consequence, the present proposal states that one should not be focused on items (series of simple choices to operate between possibilities, for example between various forms of means of payment) but rather on projects. Projects may be defined by a general philosophy and general purposes; there are also characterized by their designers. The general philosophy of the systems, that is guiding principles and values, is indeed a first major orientation of the way systems will be built. Karl Polanyi distinguished three institutionalized principles of behaviours characterized by specific social relations and institutional patterns: exchange (possibly organized through a self-adjusting market principle), redistribution and reciprocity

(Polanyi, 1957). This conceptual toolbox is sometimes redefined in market, State and community. State may refer to every territorial level, from municipalities to national or federal levels. This gives criteria to analyze how the dominance of one of those principles and a set of hierarchical combinations between them shape monetary systems. Beside guiding principles and values, a monetary system is built in order to address general purposes. For example, the general philosophy of social reciprocity and the general purpose of inter-generational solidarity lead to build time banks, wherein market prices and behaviours are let outside, by refusing any parity and convertibility between the internal currencies and the official currency.

Under this respect, this section proposes a distinction between three sorts of projects that constitute the very root of currency systems of any kind: a territorial project, primarily centred on a geopolitical space; a community project, primarily centred on a pre-existing or an ad hoc community; an economic project, primarily centred on production and market exchange activities (Table 1, below).

This tripartite classification of projects, however, does not take the nature of designers into account. In order to refine this typology, one should distinguish between three main sorts of designers and implementers. This third criterion has a great importance indeed, since it emphasizes the currency project's background and make precise the way it can be orientated. Designers and implementers may be governments or the permanent organization of State services, pursuing a political motive; they may be capitalist firms, pursuing a profit motive; and they may be non-profit organizations, grassroots organizations or informal groupings of persons, pursuing a civil motive with democratic participation principles.

This framework helps identify three ideal types of currency schemes: (1) local currencies (territorial projects), (2) community currencies (community projects) and (3) complementary currencies (economic projects). Nevertheless, two cases should definitely be removed from an analysis of CCs, at the margins of local currencies and complementary currencies. National currencies, that is money defined and organized by a national or federal sovereign power in a pure sovereignty framework, cannot be considered CCs. Currency schemes

established by firms for their own profit should be considered outside CCs as well: this is the case of most of so-called "barter" systems as well as most of customer loyalty rewarding schemes, which intend to capture the purchasing power of their customers. While the exclusion of the first ones is obviously acknowledged by observers, the second ones are more barely excluded from the field of CCs. Actually, sovereignty as well as profit motives do not respect what can be considered a series of major distinctive feature of CCs: they are designed and implemented mostly by civil society, mostly locally and grassroots, and mostly in a democratic way, emphasizing the citizen's appropriation and redefinition of money in a participative process.

The foregoing ideal types constitute the basis on which actual CCs can be classified, be they pure or not regarding those types. Considering this impurity of actual systems helps understand why the way we name things cannot be simply solved.

A first type of non-national and not-for profit currency schemes primarily pursues a territorial purpose, aiming to affect monetary relations in a geopolitically-defined space. This emphasizes the role of territorial actors and activities when building such a scheme, and the desired outcome of local resilience or development. They are not oriented toward a sovereignty purpose; on the contrary, they are fully respectful of the national monetary sovereignty. In any case, they serve first the purpose of defining and strengthening a territory and, eventually, the public local authority which claims for a form of control on this territory. This focus on the role of a controlling centre which pumps out money and simultaneously captures resources reflects a redistribution process. For they pursue firstly territorial purposes, those schemes can be thought and implemented with loose reference to community and economic issues. Those currencies can be coined local currencies. Close examples include the Argentinean provincial currencies, some of which circulated from 1984 to 2003.

A second type of currency schemes primarily pursues a community purpose. Under this respect, they regard social spaces, defined by sets of actors (or social networks). This second type emphasizes the construction of well-being, empowerment, autonomy and social exchanges of a given community. This community may be

pre-existing, or, more surely, generated by the currency scheme itself. This includes social services and self-help, as well as environmental services for a community. Reciprocity is the guiding principle of this ideal type. It is implemented by non-profit organizations, and sometimes by informal groups. Communities are potentially independent from any territorial dimension, and they can be conceived without any reference to economic rationales. Those currencies can be coined community currencies. Close examples include time banking schemes.

Currency schemes that primarily pursue an economic purpose constitute a third type. They are built with regards to economic spaces, defined by sets of actors and economic activities from production to exchange, mostly considered as ruled by market principles. Market exchange is thus the guiding principle of this currency type. However, this does not imply that they are implemented in a lucrative purpose, since they can be implemented by non-profit organizations, which develop action toward what they consider to be general interest. This emphasizes the particular purpose of influencing sets of economic activities: aiming at their protection (through a

form of protectionism allowed by the use of a convertibility rule that restrains outflows), their stimulation (through the constraint of local use of the currency), their (re-)orientation (through specific rules stimulating, for example, environmentally oriented practices). This type can be thought completely outside territory issues and community issues. Those currencies can be coined complementary currencies. Close examples include German regio schemes.

#### 4. Moves: generations of schemes

Let us focus now on currency schemes that emerged and developed since the dawn of LETS in the beginning of the 1980s. We propose a second level of typology, distinguishing four generations, each combining in a different way the three previous ideal-types. These generations are characterized by a specific monetary organization and specific relationships with the socio-economic world and with governments (local or central) as well. They emerge through innovation processes. They overlap, since the emergence of a new generation does not put an end to the former; and they are progressively transformed, since a

**Table 1:**  
Ideal-types of  
currency schemes

Nature of projects	Space considered	Purpose	Guiding principle	Denomination (English / Spanish / French)
<b>“CCs”</b>				
<b>Territorial</b>	Geopolitical space (territory politically defined)	Defining, protecting and strengthening a territory	Redistribution or political control	Local currencies / Monedas locales / Monnaies locales
<b>Community</b>	Social space (pre-existing or ad hoc community)	Defining, protecting and strengthening a community	Reciprocity	Community currencies / Monedas sociales / Monnaies sociales
<b>Economic</b>	Economic space (production and exchange)	Protecting, stimulating or orientating the economy	Market	Complementary currencies / Monedas complementarias / Monnaies complémentaires
<b>Outside “CCs”</b>				
<b>Territorial</b>	Sovereign space	Sovereignty	Redistribution or political control	National currencies / monedas nacionales / monnaies nationales
<b>Economic</b>	Clients of a for-profit organization	Profit	Purchasing power capture	For-profit currencies / Monedas para lucro / Monnaies à but lucratif



generation may be regenerated by innovation (Table 2). Each generation includes a series of experiences often related to each others, while each generation entertains links with experiences from previous ones and provides models, positive or negative, for future ones.

A first generation of CC schemes appeared with the LETS model in the 1980s. It has been very dynamic up to the second half of 1990s. Big (national) networks emerged, some being structured around a specific organization (Lets Link UK in the UK, Selidaire in France...). The model was exported from country to country by activists, but grassroots innovation played their role in the appropriation of the model and differentiation within it. They are mainly "mutual credit" systems (money is created in the very time of exchange). However, paper currencies were also implemented, either during clearly defined and regulated short periods of exchange (e.g. SEL), or as the very principle of this currency, as shown by the case of the Argentinean trueque (money is issued before exchange and as a precondition of it).

**"We propose a second level of typology, distinguishing four generations, each combining in a different way the three previous ideal-types. These generations are characterized by a specific monetary organization and specific relationships with the socio-economic world and with governments (local or central) as well."**

While time is frequently considered as a guide for exchange value, it is not the only one and it sometimes totally disappears. The crucial point is currency inconvertibility (though fraud is possible with paper currencies). This does not prevent the co-use of currencies (transactions paid by a combination of internal and national currencies), especially when existing formal small enterprises or shops are included in the scheme. However, those schemes are characterized by the weakness of partnerships or even relationships with such formal economic activities, as well as with local governments. They mostly refer to community currencies established by local non-profit organisations that aim at providing the means (reciprocity) to satisfy needs that are unmet by market activities or public services. In some cases, however, there has been some place for market exchange or, at a lesser extent, for public partnerships and logics. Observations on

schemes of this first generation generally show a rapid extent in a first time, followed by consolidation and disillusion, sometimes leading to failure with death in the media – a process that has not been confined to the extraordinary case of the Argentinean Trueque. Recovery remains possible through socio-economic crises and, more seriously and durably, through innovation, as shown by the success of the South-African CES since the beginning of the 2000s.

Pure time exchange schemes constitute a second generation of CCs. Whereas the Japanese Fureai kippu dates back to the seventies), one can consider that this generation starts with the emergence of time dollar schemes at the end of the 1980s in the US, since they have been replicated and adapted in different contexts and various countries. Other schemes like the Italian Banche del tempo were thought independently from Edgar Cahn's model. Time schemes are purely community currencies, built on the central criterion of multilateral reciprocity. Reciprocal exchanges aim at providing help to the elderly, to the sick, to women as well as to any persons in want of help and in capacity to provide services. They are purely mutual credit systems wherein services are valued with time. As schemes providing help to people in a complementary way with social programmes, they frequently develop partnerships with local governments or socially oriented foundations, and they are sometimes directly implemented by local governments. The Accorderie scheme from Quebec (Canada), that has been implemented since 2001, re-invents pure time schemes, by adding microcredit and grouped purchases possibilities to the time valuation principle of reciprocal exchange.

Third generation schemes start with the Ithaca Hour experience in 1991, which derives from the LETS model. During the 2000s, they have been boosted by the emergence of German regio schemes (like the Chiemgauer), Brazilian community banks and currencies (like Fortaleza's Banco Palmas) and US BerkShare's success. Implemented in an obvious economic purpose, they constitute complementary currency schemes; having a their territorial ambition, they are local currencies as well. They are generally implemented by non-profit organizations and sometimes around a local cooperative or community bank (if they were implemented by local governments themselves

aiming at protecting or stimulating their territory, they would be local currencies). A fixed rate links the complementary currency to the national one, and convertibility rules are settled. Currency issues are backed by national currency reserves, contrary to the first and second generations schemes where no backing is required because of the inconvertibility principle. Inflows (ie conversion from national currency to complementary currency) are possible, and even promoted through a bonus rate, whereas outflows are formally impossible (Ithaca Hour) or deterred by conversion costs (Regio). Complementary currencies of this generation are useable in the current economic sphere, with the principle of co-use with national currencies. They aim at dynamizing local economic activity by re-localizing a series of daily consumption expenses. The success of those schemes requires thus the inclusion of small local enterprises and shops, and sometimes bigger ones. Partnerships with local governments may play an important role in this success, especially when local taxes can be paid with complementary currency or when local public services can be accessed with it.

Rotterdam's NU scheme in 2002-03 has been a forerunner of a fourth generation that seems to be progressively emerging. Schemes of this new generation are constituted by multiplex projects where local governments play a major role. They combine several objectives that were kept separate up to then, and they focus on

environmental issues more than never before. Multiplexity leads to costly projects that are difficult to engineer and that require a complex governance. Local governments, enterprises (from small ones to major firms), non-profit organizations, national programmes and, in the European Union, European programmes, have to be gathered around those projects. An experimentation phase appears to be necessary before launching the project on a larger scale. The NU project aimed at inciting sustainable behaviours through the distribution of a complementary currency in relation with those behaviours: local or organic product consumption, fair trade, waste recycling... The French SOL programme, implemented since 2007, is another case of fourth generation scheme whose architecture is notably complex. It combines a loyalty card for sustainable consumption close to commercial loyalty schemes, a rewarding scheme for voluntary action close to the first and second generations of CC schemes, and a redistribution scheme.

## 5. Conclusion

The classification attempt in this text appears to be flexible enough to ensure the possibility of a dynamic view of currency schemes. The ideal types of community, complementary and local currencies let the possibility of combinations able to analyze concrete forms of non-national and not-for-profit currencies. The

Generation	Significant cases	Currency scheme types	Guiding principle	Content overview
<b>G1</b>	LETS, trueque, CES	Mostly community	Reciprocity first; various distance to market	Inconvertible schemes; quite small openness to external economic activities
<b>G2</b>	Time banks, Accorderie	Community	Reciprocity first; various distance to local governments	Inconvertible schemes with time currencies; frequent partnerships, especially with local governments
<b>G3</b>	Ithaca Hour, Regio, Palmas, BerkShares	Local and complementary	Market first; generally distant from local governments	Convertible schemes; local businesses are included; interest of partnerships with local governments
<b>G4</b>	NU, SOL	Mostly complementary	Market first, with links to governments and reciprocity	Complex schemes oriented toward consumer responsibility or / and economic activities re-orientation and other purposes; partnerships are necessary

Table 2:  
Four CC  
Generations since  
the 1980s

teleological exclusion of sovereignty and, more important, profit motives must be emphasized. It is frequent, indeed, to consider for-profit currencies along with CC schemes, stating that they all refer to non-national currencies and, thus, that they are all "complementary". The present typology states that for-profit currencies are of another nature than CCs, and it draws up an ideal-type of CCs built around a democratic participation principle organized around non-profit organizations, grassroots organizations or informal groupings of persons.

Identifying CC generations avoids any closed typology and leads to focus on the actual dynamics that emerged in the 1980s and never stopped since then, although their extent, their forms and, overall, their projects, evolved rapidly. New generations should emerge in the coming years and decades, either through the spreading of already existing schemes like Strohalm's C3, or through new combination of existing schemes or of basic items, or eventually through critical innovations like the "free currencies" attempts. The future evolution of CCs is certainly linked to technological progress (with the use of internet and mobile devices), to their acknowledgment as a key element of public policies, and to their use as a tool for environmental solutions.

## Endnotes

<sup>1</sup> Since the mid-1990s, for example, the Internet provides the ability to create community schemes whose actual limits are totally disconnected with national borders. Other example, while in France the first attempts in the 1990s were built in the fear of illegality with reference to an ordinance of the end of 1950s, this fear seems to have disappeared at the end of the 2000s with the spreading of several paper currencies projects and programme

<sup>2</sup> Symptomatic of this difficulty (if not conflict), the original title of the journal refers to "community" whereas the Call for papers for a special edition, 2010, deals with "Current Developments in Complementary Currencies".

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