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STROUD POUND: A LOCAL CURRENCY TO MAP, MEASURE AND STRENGTHEN THE LOCAL ECONOMY

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ABSTRACT

The Stroud Pound is one of the local currencies to be set up in recent years by UK-based Transition Towns. The paper details the first two years of the life of the Stroud Pound; both its authors were closely involved in the development of the currency and the paper is therefore a view 'from the inside' rather than a disconnected academic account. The Stroud Pound grew out of Transition Stroud, a community-led response to climate change and peak oil. It therefore has a design that seeks to build greater resilience and strength into the local economy. In this paper the researchers use the local currency as a research tool to explore issues such as: the size of the local multiplierextent of trade between local producers; the dynamics of the local economy; and the diverse motivations of scheme participants. The paper includes: an account of the literature on community currencies, especially the work of Silvio Gesell; a brief account of Stroud and the results of a survey conducted amongst Stroud-based businesses as part of the establishment of the Stroud Pound; an account of the first year of the Stroud Pound and its impact on the local economy.

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> 'The human mind is baffled by the abstract, and money hitherto has been wholly abstract.' Silvio Gesell (1929: pt. 3. ch. 15)

1. INTRODUCTION

This paper details the first two years of the project to develop the Stroud Pound, one of a number of local currencies that have been launched in the UK in recent years as part of the Transition Towns movement.: one year of planning and preparation, the launch and a year's operation of the scheme. Its authors were both closely involved in the scheme, one as a Director of the Stroud Pound Co-operative, the other during a six-month internship with Transition Stroud. The paper is therefore a view 'from the inside' rather than a disconnected academic account. The aim of the Stroud Pound, in keeping with the Transition focus on resilience, i.e. the extent to which Stroud as a community is self-reliant in the provision of its basic goods and services. To facilitate the reinforcement of resilience the local currency is designed is to strengthen local economic links and increase the size of the local multiplier, i.e. the number of times the currency is used to mediate transactions before it is taken out of circulation. However, as both authors noticed, it the Stroud Pound can also be used as a research tool to explore the dynamics of a local economic system and the motivations of the various participants. This paper uses this potential research function of a local currency to provide an in-depth profile of the local economy of Stroud, within the theoretical focus on Transition-related activity.

The paper falls into three main parts. In Section 2 First an account of the literature exploring the potential of local currencies will be providedis offered, focusing especially on the work of Silvio Gesell (1929) and his emphasis on the relationship between monetary circulation and economic regeneration, including his concept of demurrage. This discussion will be linked to the role local currencies can play in both effecting community regeneration and strengthening and reducing the ecological impact of local economies. The second section will provideSection 3 provides a brief account of the local economy of Stroud, and introduces the Transition Movement and its local incarnation Transition Stroud, before moving on to discuss in detail the design of the Stroud Pound and a history of its first year of life. It also includes the findings of a survey of local businesses in the town which we undertood as part of our efforts to encourage participation in the scheme. In this section we

The third part of the paper will consider how a local currency enables environmentally focused community activists to learn more about how their local economy works. A priority for Transition Stroud is to use the local currency to encourage more local production by means of import substitution, displacing production as well as consumption from the global to the local economy, rather than just switching numeraire. The Stroud Pound has also provided a tool to measure the extent of local economic activity, a function which has been enhanced by the undertaking of a the detailed local survey.

Finally, In Section 4, we provide some analytical reflections on what we learned from the survey and from our own experiences in developing the local currency. The conversations that we were engaged with provided us with rich data about local people's perceptions of their own economy and its place in the global economic system. These conversations also revealed underlying assumptions about money and its role in society, that we are able to report. Finally, in Section 5, we draw some conclusions about the role of local currencies in Transition processes, and, conversely, what the role of Transition activities may be in preparing us for a new economic paradigm. the role of the new currency in strengthening the local economy of Stroud and the surrounding region will be undertaken. Here, the iconic nature of a currency, as opposed to, for example, a Buy Local campaign, will be explored, with particular emphasis on the physical design of the notes and local people's responses to images representative of Stroud as a local economy of the past, and the future.

2. THE MAGIC ROUNDABOUT: CIRCULATION AND LOCAL ECONOMIC HEALTH

The current spate of research into the potential of local currencies to rejuvenate local and regional economies that have been eroded during the process of globalisation has three main themes: first, a concern with the wastage of local talent and skills because the centralising, corporate economy has priced many people out of occupations; secondly, the concern for the loss of cultural and social—as well as economic value—resulting from the globalisation process and a desire to find tools and techniques to reverse this process; and thirdly, and more recently, a concern that the global financial system is less stable than it appears and that local currencies may be needed in developed economies in case the national and global currencies and the system they rely on should catastrophically fail, leaving people powerless to carry out the everyday business of exchange.

The first concern is expressed most clearly in the work of Edgar Cahn, who draws attention to the atrophy of what he calls the 'core economy' as a result of the marketisation of a growing range of social and economic activities. He identifies the money system itself as the cause of the domination of market-based economic activities in most people's lives. Cahn argues that many key areas of life—caring for children and old people, sharing services, offering mutual support—function outside the money system and help to build a strong community based on reciprocity rather than profit. For Cahn the solution is a co-operative form of economic organisation he calls 'co-production' and local time-based currencies can help to support the revival of this form of mutual service and care.

The second motivation for the recent creation of local currencies has been community activism in response to the threats of peak oil and climate change, as in the Transition

Town movement that has given rise to four of the UK's local currencies (in Totnes, Lewes, Brixton and Stroud). The focus of the Transition process on resilience implies the need to rebuild the self-reliant local economies that characterised the UK before the advent of industrialisation and the ready availability of fossil fuels (Hopkins, 2008). The Transition Towns movement began in Totnes in September 2006 and was a community-level response to the recognition of the need for a radically different way of life following the depletion of oil supplies and the requirement to reduce the carbon dioxide emissions that are causing climate change. The Transition movement is focused on resources—its raison d'être being the need to reduce fossil fuel use because of the threats posed by climate change and peak oil—and thus its ideology suggests an alternative way of organizing the economy. Two concepts are central to Transition thinking: self-reliance and resilience (Cato and Hillier, 2010) and both have a significant impact on local economic activity. Resilient communities would need to meet more of their needs from local production, and having a local currency is considered to be a useful means of both encouraging local production and facilitating its exchange (North, 2010).There is a particular focus on market towns such as Stroud, which are theorised as being a particularly energy-efficient pattern of human development. A currency is an essential tool in the process of revitalising local economies (Douthwaite, 1996) and four of the UK's leading Transition Towns have launched currencies beginning with Totnes in 2006. Thus the original motivation waswas and this has informed the design of the Stroud Pound, whose central aims is to encourage greater production and exchange on a local basis.

However, the 2008 crash shifted the focus by making it clear that forces in the global economy might express themselves more suddenly than a depletion of oil supplies might suggest, leading to models such as those developed in Argentina following the collapse of the financial system in 2001 coming into vogue in complementary currency circles (Cato, 2006b). The wider ramifications of the Crash, resulting in the limitation of liquidity in the economy as a result of reduced bank lending, higher taxation, rising prices and reduced public spending, bring to the fore exactly the sorts of arguments made by Gesell in support of local currencies with in-built circulation-enhancing mechanisms. The 1929 Crash led to the Great Depression as a result of the failure of aggregate demand and reduced availability of credit and liquid money. While governments have thus far prevented economic contraction on this scale, at least in the UK the public spending cuts seem likely to provoke a similar rapid transaction contraction through 2011. This represents an extreme and sudden withdrawal of liquidity from local economies and could be used to argue that another source of liquidity is required, perhaps in the form of a local currency, making the case for a local currency with demurrage—preferably issued by or supported by a local political authority—stronger than ever.

From a theoretical point of view, the focus of theorists of local currencies is primarily on circulation, the number of times a currency is spent within the economy of concern before it leaves, usually through being deposited in a bank. This is clearly visible in the work from the New Economics Foundation into the LM3 process to attempt to quantify the value of the local multiplier (Sacks, 2002). In such work the local multiplier is measured as the number of times money is spent before it is taken out of the local economy. In the case of a national currency this is difficult to measure, but the measurement can be much easier in the case of local currencies. Some varieties of US scrip issue from the 1930s, for example, were stamped each times they changed hands (Gatch, 2011), so that the number of stamps could be used as a measures of the size of the local multiplier (and the time that had elapsed between one and the next, a measure of the velocity of circulation). The local paper currencies can potentially be used in a similar way, as the first issue of the Totnes pound was, having a space for each user to stamp where and when an exchange had taken place. While this offers the opportunity to study a local economy in depth, it is cumbersome and removes the anonymity which many people value in the design of circulating paper money.

This theorising can be related to the quantity theory of money (Fisher, 1911) whose equation:

$$MV = PT$$

makes clear that the equality that summarise the life of an economy is money (M) multiplied by its velocity of circulation (V) is equivalent to the volume of transactions (T) at the prevailing prices (P).

Gesell's aim was to create a form of money he called 'Free-Money' whose supply was determined socially and which exactly matched the amount of economic activity in the local economy. This was to counteract the way that existing money systems enable the extraction of value through speculation and the earning of interest, and the way that this creates economic instability and has an inherent tendency to depress the amount of economic demand. Gesell (1929: pt. IV, ch. 2) set three objectives for his new currency design: that is should 'secure the exchange of goods' so that there were no boom-and-bust cycles; That is should accelerate the rate of economic exchange; and that it should close the value gap between producer and consumer, to avoid profiteering by middlemen.

To ensure the rapid circulation of this money Gesell suggested that, rather than people being rewarded for holding money through interest, they should be charged for holding it, a process he called 'demurrage':

> 'On January 1st its value in the markets, shops, pay-offices, public treasuries and courts of justice is $100 and on December her 31st it is only $95. That is to say, if the holder of the note intends to employ it at the end of the year to pay $100, on a bill of exchange, invoice or demand note, he has to add $5 to the note. . . What has occurred?

> Nothing but what occurs with every other commodity. Just as a certain egg steadily and rapidly departs from the economic conception 'egg' and is not comparable to it at an on completion of the rotting process, the dollar as the currency unit is permanent and unchanging; it is the basis for all calculations; but the dollar as a money-token has only the starting point in common with it. The holder of this perishable money will beware of keeping the money, just as the egg-dealer will beware of keeping the egg any longer than he must. The holder of the new money will invariably endeavour to pass on the money, and the loss involved by its possession, to others.'
>
> (Gesell, 1929: pt. IV, ch. 4)

Gesell's theories strongly support the design of Germany's Regiogeld or 'regional money' systems, which have been influenced by them. His objectives of removing profiteering and economic instability and supporting the local economy within which the regional currency is accepted are also highly relevant to the Transition project, which similarly seeks to bolster local economies in order to achieve its aims of resilience and self-reliance, as outlined above. His Gesell's aim of acceleratinge economic exchange is more problematic, since the Transition Movement is established within a green economic framework, meaning that economic growth should be constrained by ecological limits of a steady-state approach to economics (Cato, 2009) and hence economic growth is problematic rather than desirable. However, as discussed in the following section, in the context of Stroud, the currency can be used to shift economic activity into the local economy, rather than increasing its absolute magnitude.

3. A CURRENCY AS A RESEARCH TOOL

Stroud is an exemplar sustainable community located in rural Gloucestershire some 30 miles North-East of Bristol, UK. A former textile town, it suffered severe industrial restructuring in the second half of the 20th century. Low property prices attracted a range of cultural alternatives, including artists and environmentalists, who have pioneered green lifestyles and socially innovative projects (Large, 2010). Stroud was also the site of one of the UK's most successful LETS schemes (North, 2008). Stroud began its transition to a sustainable society long before that word became branded and widely applied and was, unsurprisingly, one of the first UK towns to register with the nascent Transition Network in September 2006. The name ''Transition Stroud'' was chosen rather than ' 'Transition Town Stroud'' to mark the fact that the transition process seeks to involve all the inhabitants of the Stroud District, not just the town itself. This area is often referred to as the ''Five Valleys'' in recognition of the river valleys that mark it off from the edge of the Cotswold escarpment.

One of the authors was involved in this initial creation of a new process to carry forward sustainability-related ideas within the town and launched the Lifestyles and Livelihoods working group as one of the first issue-focused projects of Transition Stroud in the winter of that same year. After initial discussion around a range of ideas, the suggestion to launch a local currency was the most attractive and the scheme that has been running in the Bavarian region of Chiemgau since 2003 was chosen as the best model. A member of the working group invited Christian Gelleri, the founder of the Chiemgau to spend a weekend in Stroud, running a workshop and addressing a larger public meeting, which was attended by around 60 people (Gelleri, 2009). There was initial interest from both traders and consumers, and the core group for the currency engaged in a series of consciousness-raising events in the town while simultaneously commissioning designs for the notes.

The Stroud Pound follows the essential design features of the Chiemgauer (Gelleri, 2009). The currency is administered by a co-operative, the Stroud Pound Co-operative, which money is issueds by the co-operativeit on a one-for-one exchange basis for pounds sterling. Businesses, consumers and charities are encouraged to join the scheme, although it is possible to pick the notes up in change and use them for purchasing. When consumers buy Stroud Pounds a percentage of the value is donated to a local charity of their choice. This is balanced by a 3% ''redemption'' charge when businesses exchange the money back for sterling, a design feature intended to encourage the value of the local multiplier (the number of times the note is spent before being exchanged back). The involvement of local charities is intended to encourage them to bring their members into the scheme as a means of raising funds; it is hoped that this will extend the reach of the scheme beyond those who are committed to it because of their involvement in Transition activities.

In addition, the Stroud Pound uses a system of demurrage to encourage its more rapid circulation relative to the national currency: each six months the currency is considered to have depreciated by 3% of its face value. In order to keep the money valid those holding it must affix a stamp to the value of 3% of the face value at six-monthly intervals.. This is intended to increase the velocity of circulation of the local currency relative to the national currency, following the theories of Silvio Gesell outlined in the previous section. At present this is a charge of 3% of the face value to be added to the note at six-month intervals. The intention of this feature is to encourage scheme members to spend their Stroud pounds more rapidly than their sterling cash, since they know it has a limited shelf-life. It also acts as a way of challenging the central motivations of the existing economic system: price and choice. By using Stroud Pounds consumers are accepting that money has a value that they are prepared to pay for, in contrast to the 'free' credit of the national credit system. They are also accepting that they will limit their choices to the range of shops who accept the local currency, and pay the prices charged there, which may be higher than prices charged in the chainstore outlets.

Like the other Transition currencies, the physical design of the Stroud Pound notes is deliberately intended to build greater identification with the local area and its economic and cultural resources. The basic design motif is the teasle, a plant that played a crucial role in the making of felted woollen cloth that was the backbone of the industrial economy of Stroud. The local author Laurie Lee, himself a socialist, is the iconic image for the £10 note (his widow spoke at the launch, where she unveiled this design). The £5 note includes local wildlife, while the £2 commemorates the cloth industry and the invention of the lawnmower in Brimscombe near Stroud. The £1 features the teasle together with the bee, symbol of a co-operative community.

Given its imitation of the design of the Chiemgauer and other German currencies following a similar model, Stroud Pound can be considered an experiment with the Regiogeld model in the UK context (North, 2010), and an opportunity to assess the importance of the cultural setting in determining the success or otherwise of this currency design. The Stroud Pound is unique amongst the new wave of local currencies in the UK in being entirely democratic. Stroud Pound Co-operative is the holding body, and all who wish to use the currency are invited to join, in order to have a say in the design and implementation of the scheme. It is also unique in using the system of demurrage to encourage circulation. This means that there is a charge for being part of the scheme, rather than users being rewarded as in other schemes (see the design of the US Berkshare: http://www.berkshares.org/). While this means that ensuring sufficient take-up is more difficult, it guarantees that if the scheme works it will achieve its objectives of building a stronger local economy, rather than merely shifting the existing activity into a different currency but without achieving structural change.

The Stroud Pound was launched in September 2009, and had been operating for a year when this paper was written (see also North, 2010). In the first year a total of £10,066 were exchanged for Stroud Pounds. By the end of the year slightly over half of those (£5940) had been redeemed, which meant that £290 had been allocated to the ten local good causes which people had chosen. A year after the launch of the scheme SP4,126 were in circulation, in the sense that they had been exchanged and not redeemed. Until the currency comes to the end of its life in September 2011 we will not be in a position to say how many of these notes have been withdrawn from circulation intentionally (by collectors) or accidentally (by having been left in pockets, for example). However, we are aware that a number of notes have been sold on the internet, sent to friends in Stroud, Oklahoma or Stroud, New South Wales, and bought for the purposes of collection rather than exchange. At the end of the first year Tthe scheme had around 180 consumer members and 44 outlets or service providers where the local currency could be spent.

Establishing a local currency requires its designers to be closely involved with the economic life of their currency area. In part this is because they need to persuade local traders and consumers to participate, and to do so requires an understanding of their motivations and incentives. But beyond this, a currency is designed to effect change in a local economic system, and therefore to create one effectively requires an understanding of the dynamics of the local economy. It is for this reason that we suggest that a currency can provide a useful tool to map and measure a local economy: our conclusions about how Stroud works as a small semi-rural economy are offered in the following section.

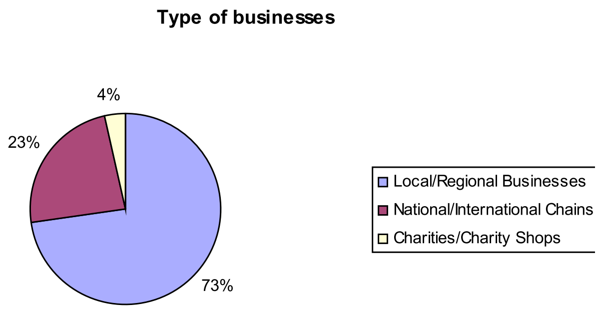
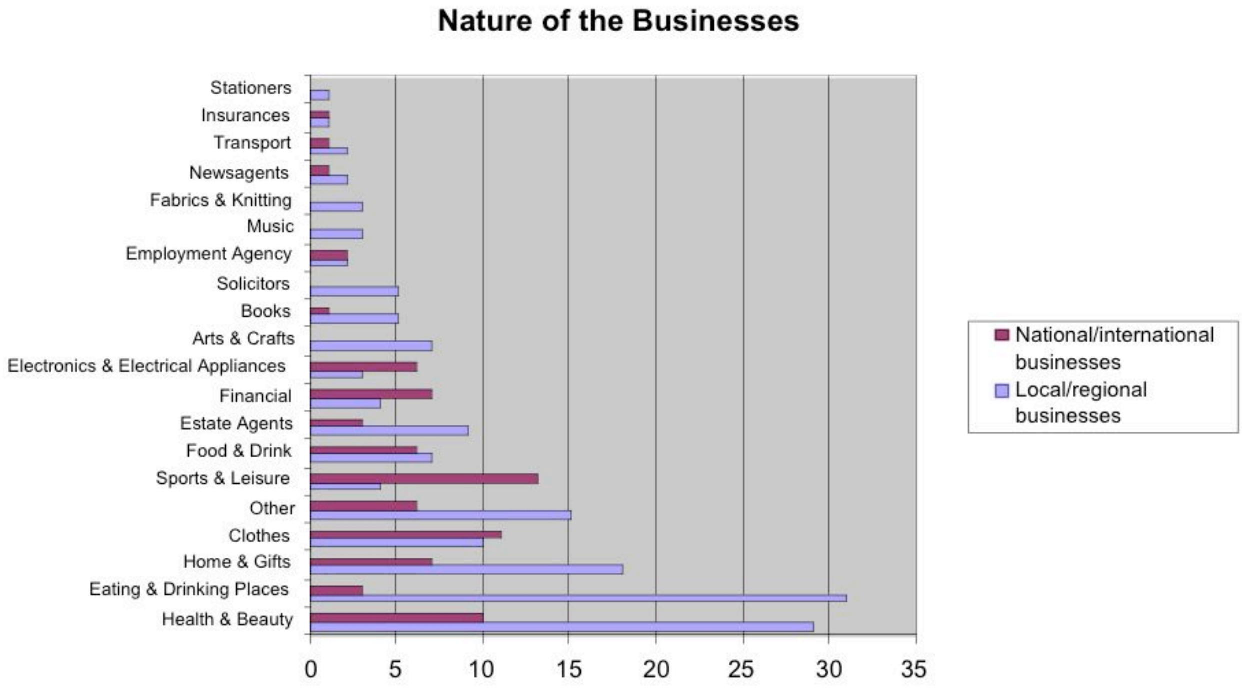


Figure 1. Stroud business, by geographical nature of ownership

For the remainder of this section we complete our brief profile of the local account by reporting the results of a local survey that was undertaken to support the development of the Stroud Pound[1]. The survey was a baseline exercise to establish the uses for all the commercial premises in the town. The intention of the survey was to assess which businesses were worth approaching about the local currency. Because of time limitations the survey was carried out specifically in the town itself rather than in the whole of the Five Valleys area which is covered by the Stroud Pound. The survey was conducted via a paper-based questionnaire which was delivered by hand to all the commercial premises in the town, excluding those which only provide services and do not sell any products, a list having been drawn up from local authority records and lists used for the charging of local taxes. The aim was to cover most of the commercial businesses which were subject to study in the town and several returns visits were made to ensure completeness. The final returns show that 36 out of 91 businesses responded to the survey, a return rate of 40%.

1 In this paper we have avoided the conventional structure of including a detailed methods section since this would suggest a spurious objectivity and would deny the reality of our close involvement with the activity being described. We have adopted a broadly phenomenology approach to our research: for more detail of the reasons for our commitment to this type of research approach see Cato and Hillier, 2010.

Figure 2. Stroud businesses by ownership type and sector

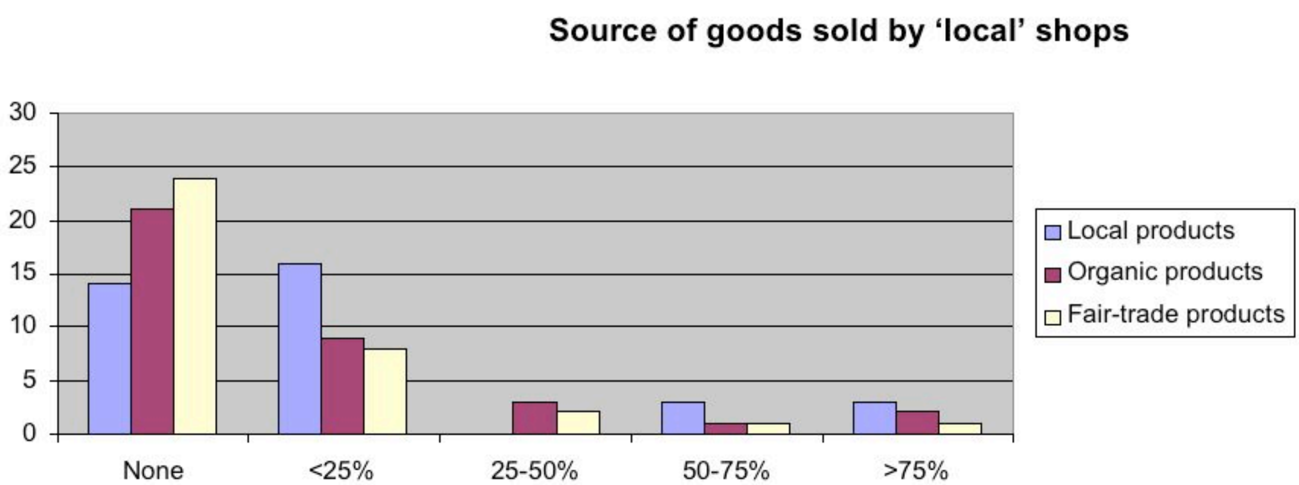


We did not identify any relationship between people's willingness to complete the survey and their likelihood of signing up as users of the Stroud Pound. We remained open to the possibility that national chains might accept the local currency, but none of them approached us to ask if they might do so. This may have been because the publicity surrounding the scheme made it clear that its intention was to support local businesses and their local suppliers.

There are 251 commercial businesses in the town and almost two thirds of them are locally owned or regional chains (with brands within the West Country: Figure 1). Figure 2 offers a comparison by sector and in terms of geographical ownership type, comparing local and regional businesses with national and international chains. It indicates that those which provide goods or services related to health and beauty, home and gifts, and cafes, restaurants and pubs are mainly locally owned or local outlets of regional chains, whereas those which provide goods and services related to sports and leisure are mainly national or international chains. In the case of businesses selling food and drink or clothes, half are local or regional businesses and the other half are national or international chains.

Since the concern of Transition Stroud is with social and ecological impact as well as reducing trade-related emissions, we included questions concerning environmentally friendly and fair-trade goods in the survey.: Sspecifically, what percentage of the shop's goods were organic, locally produced or fairly traded. As we can see from Figure 3, the largest number of businesses did not sell any products that fell into any of these categories. However, almost half sell some locally sourced goods. The level is highest in the case of the second-hand shops, all of whose goods can be considered locally sourced.

Figure 3.Proportion of goods that were locally sourced, organic or fair trade, by business



A key aspect of the design of the Stroud Pound is the redemption fee charged when traders exchange them back for sterling. The purpose of this charge is to encourage inter-business trade amongst those who accept the local currency. We were interested to discover how effective this was likely to be and also hoped to encourage businesses to enter the scheme on a 'consortium basis'. To inform our campaigning we asked the businesses to tell us three local traders whom they traded with regularly. By adding these results together we were able to ascertain that the majority of local businesses (56 per cent) do trade with other local businesses, although this may well represent only a limited amount of their sourcing.

As we can see, although most of the businesses in the town are locally owned they usually sell products from other regions of the country and, probably, a great number of them from overseas. This is a general tendency in most of the developed countries, which have lost their industrial and farming tradition and import a great proportion of the goods they consume because it is cheaper than producing it themselves. Food can be an exception in the case of Stroud, as there is an increasing rate of production in the surrounding area as the popularity of local food increases (a good example of this is the multi-award winning Farmers' Market). Nevertheless, it is still more expensive than foreign products and many customers are still shopping on the basis of price. Even the owners of the local businesses, who should be more aware of the importance of buying locally, are happy to say that they shop in national and international chains.

The difficulty in finding local products as well as the preference of local people to buy cheap rather than local are obstacles to the implementation of the Stroud Pound and may be reasons why some local businesses do not want to join the scheme. On the one hand, if they accept Stroud Pounds they cannot spend them to buy goods for their businesses and, on the other hand, they cannot either spend them to buy goods for their own consumption because they usually buy in national or international chains, so they would have to redeem them and lose 3 per cent of the amount exchanged back. In the case of those traders who have already joined many face the same problem, and, although we do not have the means of assessing the circulation of the currency, anecdotal evidence suggests that the number of times that the notes are spent before being redeemed is lower than would be desired if the currency were to fulfill its central aim of stimulating local economic activity.

4. A CURRENCY AS AN ANALYTICAL TOOL

For some local currency activists, the prime motivation behind a local money scheme is to counteract the seemingly ineluctable march of the supermarket and the out-of-town store. The so-called ''clone town'', with its high streets dominated by chainstores is culturally reviled, while at the same time the vast majority of people continue to shop there. Stroud Pound offered people in one small town and several surrounding villages the opportunity to do something different. As explored in the previous section, this was a project more ambitious than it appeared at first, since to use a money system that had communitarian rather than individualist motivations in its DNA required more than just a change of shopping habits: it required a wholesale change in economic culture. In this section we take a more analytical view of the data drawn from our survey, and information drawn from our conversations with local traders and consumers, both those who did participate in the scheme and those who did not. We use this data to identify a number of cultural challenges to the effective functioning of the Stroud Pound.

Misunderstanding Money

Perhaps the most significant obstacle to encouraging local people to use the scheme was the absence of any understanding of how money works. The level of naivety surrounding money—its origin, costs and consequence—-was striking and we had to conclude that the money system is understood only dimly if at all by the vast majority of local people. We do not think that Stroud is atypical in this. An example is the traders'' objection to paying a 3% redemption charge when many are routinely paying between 1.5% and 4% in credit-card charges. These charges, like the national money system itself, are regarded as natural and have become almost invisible and impervious to challenge. Even shopkeepers, who might be expected to think about the operation of the money system more than those working in the public sector or outside the market system, do not seem to consider how their decisions about using cash vs. electronic money, or using a credit-card system operated by a multinational banking group, affects their ability to trade effectively in their town. In such an environment, creating an alternative money system can seem superfluous if not entirely misguided.

Another area of ignorance surrounds the nature of the local multiplier. In the context of a local currency this has a particularly significance. It is usually defined as being the number of times a currency changes hands before it leaves the local economy: an average value for local circulation (Sacks, 2002). In the case of a local currency, this is a more exact concept, meaning the number of times the local currency is spent before being exchanged back for national currency. However, the potential that a local currency has to enforce local consumption was not well understood. Consumers who were strongly supportive of the aims of Stroud Pound frequently stated that they have no need of it, since they can and do spend sterling in the local shops. Their ability to increase the local multiplier by enforcing that every subsequent person who acquires the money they spend also spends it in the Five Valleys does not enter into their view of the potential impact of their spending decisions.

Linked to this is the general acceptance that electronic rather than paper money is a harmless convenience. In fact, the shift from the one-third of money issue by banks that was the situation in the UK in 1963 to the mere 3% today (Porritt, 2006: 190-1) has meant a parallel shift in power from the state to the private banks. Since whoever issues the currency also controls it, the creation of money only in electronic form has removed an important power and financial resource from the UK government (Mellor, 2010). Many traders and local people see paper money as old-fashioned and are not prepared to make the effort to access cash (of any sort) when almost all traders will accept payment by debit or credit card. They are unaware that there are any material consequences from this decision.

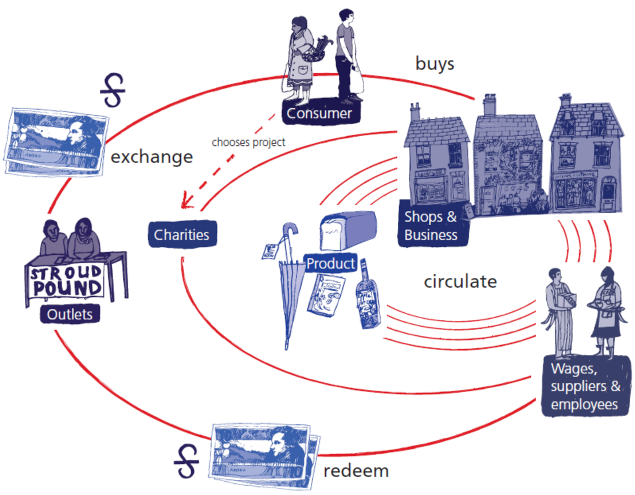
Even in the wake of the 2008 Crash, when the money system so spectacularly failed, there is an innate and unquestioning acceptance that sterling money is and will remain the dominant force in the economy. Very few question whether it is a force for good or ill. The acceptance of the existing system of money meant that some traders reacted with hostility to the advent of the Stroud Pound. Many, perhaps deliberately ''misunderstood'' the workings of the scheme and in some cases suggested that the organisers were seeking personal benefit for themselves. In another case, a group of local traders who had refused to join the scheme launched ''Stroud cheques'': a voucher scheme designed to resemble a cheque-book. Given that there was no real relationship between the vouchers and a chequing system, and no involvement of a circulating currency, we concluded that the use of the theme of a ''cheque'' was a direct challenge to the Stroud Pound, but interestingly one that was located within the existing culture, since the incentive to use it was a discount of between 10% and 20%. In other words, the traders were happier to offer larger discounts than would have been required had they accepted Stroud Pounds in order to stay within the existing incentive structure.

The Stroud Pound is deliberately designed to challenge the dominant drivers of a modern capitalist economy: price and choice. When consumers buy their SPs they are choosing to limit their choice of goods to those sold in the shops that accept the currency. They are also accepting that this may mean that they sometimes pay higher prices: their ability to ''shop around'' to find the lowest price is curtailed. Stroud Pound is deliberately designed to work in this way, since trading focused on price and choice—and backed up by the economies of scale and the domination of market power by corporate interests—has been identified by its organisers as the central cause of the vulnerability and insecurity of their local economy. So the design of the scheme is correct to meet its objectives, but in order to use it people must already undergo a fundamental shift in their understanding of how an economy should work in their best interests. While we have found that in many cases local people are not ready for this, we feel that challenging them in this way creates excellent opportunities for education in a broad sense.

Failure of solidarity

Figure 4 illustrates how the Stroud Pound works is intended to work at the community scale. Consumers exchange their sterling to obtain it, or can pick it up in shops or in wages. The ideal is for the circulation circuit on the right-hand side of this diagram to be as rapid and include as many circulations as possible: this represents the local multiplier effect that . This is what theorized as bringsing strength to the local economy. This circuit includes local working people, producer businesses and pure retail businesses, as well as the consumers themselves. A small proportion of the value of the money issue goes to local charities, and this is taken from the traders as a form of local tax when they redeem their money. The graphic illustrates how this form of money builds is intended to build the community and keeps value within a local circuit. A similar diagram for a national money system would have leakages to corporate profits and to global banks via charges for the use of electronic money and other banking services that are not locally based.

Figure 4. Graphical illustration of the design of the Stroud Pound



Source: Graphic drawn by Imogen Shaw

As is clear from Figure 4, it is built into theillustrates how the design of the Stroud Pound that itit is intended to balances the needs of the different players in the local economy. A market system tends to focus on our individual roles as businessperson, consumer or community member (Cato, 2006a), even when we all tend to play all of these roles at different times in our lives. The Chiemgauer currency design replaces is intended to replace this competitive, individualist ethic with a communitarian one, where shopkeepers accept that they will donate a certain amount of their turnover to local good causes and consumers accept that they will limit their choice and possibly pay higher prices. When persuading local people to join the scheme we are were often confronted by the question: 'What's in it for me?'. Organisers of the scheme frequently find found themselves responding to this question by suggesting that people might come to understand the scheme better if they ask: 'What's in it for us?' However, the low level of take-up on the scheme suggests how demanding it is to use a currency to change a culture in this way, and has left us questioning whether there may be more efficient ways of building a communitarian culture.

Of course, one has to be pragmatic as well as idealistic and the concern already existing amongst traders about the flight of shoppers to supermarkets and the internet gave us a useful platform to begin talking about the possible benefits of Stroud Pound for their business. A group of traders had already discussed the possibility of a local voucher scheme or reward card, but had not reached the planning stage. Some of them identified Stroud Pound as a viable alternative and so agreed to become members. Others, however, were challenged by the change of mindset the scheme required and decided to hold back, to refuse to join, and even—in some cases—to work against the scheme.

Overall, it seems clear that several centuries of capitalist economics and a culture of individualist consumption that has become stronger over the past few decades (Beck, 1992) has left people with a particular sentiment about how they should behave, and perhaps especially what the role of a business is. This sentiment bears the hallmarks of economistic thinking such as there being no such thing as a free lunch and it being natural to be motivated to put oneself first (elsewhere I have referred to these sorts of sentiments as 'capitalist mantras' (Cato, 2006a: 163). DAs an example of the prevalence of such thinking, during conversations with traders we were often told they would not join the scheme because ''I am running a business here'', as though putting the community first and placing the needs of others as equivalent with one''s own was, in itself, bad business practice. Whether it is possible for a currency to change this cultural approach on its own, or whether a sentiment of solidarity needs to precede a self-reliant and egalitarian local community is one question that the Stroud Pound is continuing to test.

We mentioned that the experiment of starting a Regiogeld currency in the contrasting culture of the UK rather than Germany offered an opportunity to explore the impact of the cultural setting on the likelihood of a currency achieving success. The Germany regional money systems or Regiogeld, are the most successful examples of community currencies in developed economies, particularly the Chiemgauer. In total these regional currencies have put some €750,000 equivalent into circulation, providing an important stimulus to their local economies (Theil, 2011). Without an in-depth study of the differences between German and UK economies and systems it is impossible to draw firm conclusions. However, we would suggest that two factors that underpin the success of local currencies in Germany but are absent in Britain are the higher degree of economic solidarity amongst the potential users of the schemes in Germany, and the greater volume of local production that is available there relative to the UK, with its overwhelming reliance on global food supply systems.

Lack of local supplies

As was demonstrated in Section 3 above, Stroud has a range of very different businesses facing quite contrasting supply chains. At one end we have the butchers, several of whom are key supporters of the scheme, and who can easily access their product from local suppliers. At the other we have the clothes boutiques, none of whom have joined the scheme, who rely on global supply chains and whose goods require low-paid workers in distant countries to ensure competitiveness. The music and book shops see in the scheme an opportunity to gain a competitive advantage over internet supplies who have eaten into their market in recent years and so occupy a middle-ground between the two extremes.

Because of the different nature of local businesses and their supply chains we have made it clear that they are free to negotiate the proportion of any trade which can be recompensed in the local currency. For example, a local bikeshop was very concerned about the possibility of customers buying an expensive bike (a figure of £2,000 was mentioned) and then having to exchange the majority of that, with a possible redemption charge as high as £60. Like the clothes shops, his goods were made overseas and he is also competing with internet suppliers. We made it clear that he could negotiate the proportion of any transaction that was in SPs, but he was concerned about the potentially high risk and decided not to join the scheme.

One of the most enthusiastic supporters of the scheme is the local pub which has become a member. Because they gain their supplies from a the micro-brewery in the town (which accepts SPs), their meat supplies from the local butcher, and vegetables from local producers at the farmers' market, they are easily able to pass on their Stroud pounds and face no risk of redemption charges. This demonstrates clearly the nature of the Regiogeld design in introducing a strong incentive to seek local supplies, but also raises a question about whether a currency is the best first step in achieving this, or whether more direct means of encouraging local production should be prioritised.

5. CONCLUSIONS

As identified in the previous section, the Stroud Pound has achieved some of its objectives. Some traders have begun to think about their supply chains in a different way, although it has to be said that those who are most supportive had already considered this when planning their business. In addition, the extremely limited range of local produce that is available, and the small percentages of locally produced goods that were for sale in the local shops, radically undercut the design of the scheme by making local supply chains near impossible for the largest volume of economic activity in the town.

Another problem facing many Transition activities, not just the local currencies, is that of credibility. Why should people be convinced by a small-scale local scheme with its Ersatz branding and homespun philosophy when they see the vast global reach of the likes of Tesco, whose vertical and horizontal diversification means that it can meet almost all an individual''s needs from within one store.? This is not only an opportunity to save time, but is also an impressive facade which no local shop or currency can compete with. While those of us who understand the vulnerability of the global system, and its unsustainable energy demand, are unimpressed, for many these threats are distant and unconvincing while the appeal of the brands is immediate and strong. This evidence of entirely different beliefs about the central economic forces of our time suggests that establishing any local currency whose aim is to attract even a minority of mainstream trade is going to prove a difficult task. This has led commentators in the Transition movement to suggest that such local currencies may be preparation for a post-crisis rebuilding strategy, since the globalised economy is only likely to be challenged by an internally generated crisis rather than a system of locally based competitor currencies (North, 2010).

The local shops are also challenged by the extraordinary choice offered both by supermarkets and by online retailiers. In this era of global choice, consumers have become increasingly demanding—even festishistic—and are able to make such precise and complex demands that only a large corporation can meet them. In the case of our local currency, for example, ethical, green consumers are refusingrefused to join because they cannot get products that are simultaneously local, organic, fairly traded, and gluten-free. As a result, the only baker to have joined the scheme left recently due to the low level of turnover. Many in the Transition movement believe that this luxury of choice may be short-lived, but by the time we find ourselves in the situation where being hungry leads us to eat what is available, there may no longer be either local production or local traders to sell it to us.

The experiment that is the Stroud Pound continues, with its successes and its failures, as do the other Transition currencies. Perhaps the most telling criticism is that it is not a serious economic endeavour at all, but rather a game for middle-class activists who have other sources of livelihood. While there may be some truth in this accusation, perhaps it also helps us to form a more sanguine view of Transition activity more widely, whether it is guerrilla gardening or darning classes. We might think of Transition as akin to the stage of play for children, whose parents are still really in charge, as the global economy still dominates our lives. It may be unresponsive and authoritarian but it still provides and so we are safe to experiment. We hope that these games, like children's play, supports us in learning the skills we will need when our economic parents are no longer able to support us as they do now.

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