

## COMMUNITY CURRENCIES FOR A MORE JUST AND EQUITABLE SOCIETY

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### Abstract

To address systemic inequalities in our world, we need to re-imagine money, how it flows, and how it can be used as a tool for prosperity rather than a tool that deepens economic and social divides within communities. Most current monetary systems reward extractive tendencies, disassociating us from each other and from nature. These maladaptive systems alienate and suppress vulnerable communities, defining their value to society in reductive economic terms. Consequently, other inherent skills and resources that a community offers are overlooked. This article explores how community currencies, defined as local forms of exchange designed to support and strengthen local economies, can be tools for shared prosperity. It examines how these new social technologies have the potential to redesign how money flows in a more holistic and beneficial way.

Keywords: Community currencies, equity, shared prosperity, caring economy, monetary systems, nature-based, communities, resilience, social technologies, wealth gap

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Many societies across our world today grapple with a sense of alienation and disenfranchisement, as if somehow, somewhere, we humans dropped the ball, and let systemic chaos ensue. The question is, in a broken system, how do we reintroduce trust and equilibrium?

How we relate to money and how we have designed our economies has shaped how we view the world. These factors have also contributed to our sense of disconnection with

each other and with other forms of life that earth supports. We no longer trust that we can hold space for each other. As we face diverse threats like climate change, vulnerable communities continue to be on the losing end. We live in a world where five humans own a majority of the world's wealth while more than 5 billion people in the same world get poorer (Thériault & Torres, 2024).

Such disparities call for a shift toward more equitable and inclusive economic models that are regenerative and self-sustaining, that support bottom-up communal frameworks, and that encourage harmony with the earth and with other human beings. These shifts would move us away from extractive use of resources and wealth accumulation at the expense of planetary wellbeing. There need to be incentives that deter using money as a tool for wielding power toward using it as a means of distributing wealth and equitably serving all of society, not just the select few (Balevic, 2024)

Humans have survived by adapting and evolving their mindsets when faced with a crisis, resulting in awe-inspiring innovations. However, this dynamic has rarely translated to the economic models we embrace, which often mirror authoritarian regimes and exploitive markets. For millennia, Indigenous peoples have lived to support their communities and replenish the earth. They have embraced resource-sharing practices that reflect Riane Eisler's partnership model. In her book, *The Chalice and the Blade: Our History, Our Future* (1995), Eisler describes these early cultures as having a "peaceful character" and as "generally unstratified and basically egalitarian societ[ies] with no marked distinctions based on either class or sex" (p.13-14).

Like our ancestors, we can adopt monetary systems anchored in economic policies that go beyond the "level of monetary income per person" to include "developing the human capabilities of each person" (Eisler, 2008, p.148). Eisler describes this new economic model based on caring in her book, *The Real Wealth of Nations: Creating a Caring Economics*:

Once we recognize the importance of caring in economics, we also see that many of our social and environmental problems are the result of economic rules,

practices, and policies that promote, and often require, lack of caring. (Eisler, 2008, p.149)

We have the tools and technologies to create diverse, complementary monetary systems anchored in just and regenerative policies – policies that acknowledge human complexities and the need for holistic, adaptive monetary systems. Community currencies, defined as local forms of exchange rooted in a community’s culture, are designed to be complementary and counter-cyclical to incumbent (national) currencies (DeMeulenaere, 2000). These currencies are proving to be highly effective when communities need to adopt sustainable and regenerative practices, for instance, when dealing with issues like food insecurity. They also create value around activities not yet perceived by incumbent currencies to be economically viable (ecological efforts, land restoration, etc.)

Most vulnerable communities are driven by the need to meet their basic needs and to support their livelihoods. In times of desperation, vulnerable communities have to choose measures that quickly and easily allow them to meet their immediate needs, like food, medicine, and a safe place for loved ones to live in. This expediency leaves no room to consider longer-term options, nor address other important but non-existential needs. In order to transform society, we must ensure that communities can meet their basic needs, while also tapping into social and cultural supports that enrich and enhance their lives, which is the high-water mark of true resilience. Again, Riane Eisler’s research underscores the shortcomings of existing economic systems:

Current economic structures, policies, and practices are not adequately meeting humanity’s material needs, much less our needs for personal dignity, meaning, caring connection, and freedom from violence. To develop systems that better meet both these sets of needs, we need an economic theory based on a more complete understanding of evolution and our place in the unfolding drama of life on this Earth. (Eisler, 2008, p.150).

Community Inclusion Currencies (CIC) like Sarafu Credit in Kenya (World Food Program, 2021) or donor-backed formalized barter trade systems like Eco-Pesa in the Kongowea community of coastal Kenya (Ruddick, 2011), tap into a community's inherent resources, allowing them to generate their own wealth. This intrinsic value creation demonstrates that no community is inherently poor. Communities are naturally resourceful; however, dependence on one monetary system confines their value creation to a single, government-issued unit of measure. Thus, incumbent national currencies, and gross domestic product (GDP) valuations, lock out and devalue all the other resource flows in the community.

### **Community Currencies for More Resilient Economies**

*Circulation* is a key characteristic of successful currency systems. Community currencies are a humane and effective approach in environments where there is insufficient liquidity. This is especially vital in low-income communities, communities faced with natural disasters, communities at war, and communities faced with disruptions in the job market. Because community currencies are in constant flow, they discourage the amassing of wealth for the sake of being perceived as "rich" by other locals.

For most African countries, one crisis after another has left them unable to service their debts, leaving them with possible currency collapse (Munemo, 2024). This has a domino effect, leaving these governments unable to support their populations. There is also significantly lower government revenue collection, which has resulted in increased debt risk, low levels of domestic revenue collection, and constraints on the ability of governments to pay down debt and fund vital social, as well as other basic needs. To survive, governments typically seek to broaden tax bases (Munemo, 2024), but it is truly inhumane to tax a community that can barely meet its basic needs while giving tax breaks to larger companies and the wealthiest people.

These are not just “Third World” problems. The contributing factors differ, as in Spain, where vulnerable communities become over-indebted due to expensive home purchases and have no realistic path to discharge their debt (Human Rights Watch, 2014). Similarly, in Singapore, there is rising income inequality and a sharp rise in cost of living (Low, 2024). Unfortunately, when a population is unable to provide for its basic needs due to inflation, unemployment, or other market disruptions, the long-term impact is that governments are also unable to meet their socio-economic obligations.

One powerful solution to these challenges is the adoption by governments of community currencies. For example, in the Austrian town of Worgl, economist Silvio Gesell introduced and helped launch a local currency in response to the Great Depression; this currency was designed to lose 1% of its value monthly, incentivizing the community to spend it quickly while also discouraging hoarding (City of Economics and Currency, 1970). This strategy demonstrates the power of community currencies in times of low liquidity. When embraced for their counter-cyclical and complementary nature, community currencies lead to increased savings in the *national* currency, which, in turn, frees up more income for investments (typically in the national currency). As a result, community currencies help build long-term community resilience through job creation, debt management, and resource sharing.

When economies slow down, people are inclined to reduce their consumption and save their money. Community currencies provide mechanisms for people to continue local economic activity, providing and paying for goods and services, even when the national currency is in short supply. Community currencies provide a medium of exchange that is independent of the broader economic cycle. This approach promotes the stability of local markets and acts as a counterweight to a slowing national or global economy.

Many national governments have adopted similar systems to Worgl. The Brixton pound is another well-known example from the UK. It is designed to “make money work for Brixton by supporting smaller shops and traders who are under threat from the recession

and larger chains. It stays in Brixton and circulates, increasing local trade and community connections” (Cowley, 2017).

Unlike national currencies, community currencies cannot be put into a bank account and saved, which encourages people to spend them more rapidly, thereby keeping them in distribution. This increased velocity of money seems to generate more economic activity, in comparison to national currencies (Faster Capital, 2024).

### **Community Currencies for More Just Societies**

When people are unable to meet basic needs, it impacts their ability to participate in other community initiatives. Prolonged scarcity not only reduces self-esteem and negatively impacts health, it leaves entire families vulnerable, putting the whole community at risk. To ensure a more just society (Who is Hussain, 2023), it is important for communities to have an option that responds to seasonal fluctuations of existing monetary systems. In *The Real Wealth of Nations*, Riane Eisler urges:

If we want more caring social and economic policies we can't continue to devalue caring and caregiving. If we want a clean and healthy environment, we have to take better care of it. If we want more humane and productive workplaces, if we want our children to get the care and education that equips them to live good lives, if we want safer streets and more loving homes, if we want to live in a more peaceful world, then we have to do a better job of supporting and rewarding caring and caregiving in all areas of life. (Eisler, 2008, pp. 217-219).

This need for communal “care” was demonstrated during the 2008 housing crisis in Spain, which created significant vulnerabilities in local communities. Faced with the potential loss of their homes, citizens with unstable incomes were reportedly more likely to turn to the black market for employment (Human Rights Watch, 2014). They were unable to pursue more entrepreneurial ideas because they could not access needed credit. As a result, their physical and mental health deteriorated as they became more socially isolated from friends and family, likely due to the shame and lack

of self-esteem commonly associated with economic hardship (Human Rights Watch, 2014). Eisler and Fry (2019) make a critical connection between neuroscience and individual resilience by observing that prolonged “stress can inhibit our capacity for empathy, mutuality, and caring by changing our brain neurochemistry” (p. 32).

How can we, as a human family, create a buffer, a safe space that allows communities like those described above time to recover from a crisis, to tap into communal structures that care, where they can feel seen? In plain terms, a response that is genuinely caring, promotes social justice, and conveys fairness. That is, a fairness between individuals living within a society that leads to equal opportunities for wealth and social purchase. It also means access to social safety nets. Often, it is the smaller, more frequent acts of care that keep people consistently connected. Money, as different communities perceive and utilize it, can bring a sense of connection between people. Throughout history, community currencies have been used as a tool to support social interactions and shared prosperity, where national currencies have too often failed.

Maybe the fault is in the design. The current monetary model in the U.S. and many other parts of the world prioritizes and rewards the amassing of individual, institutional, and industrial wealth. And yet, it is possible to design money and economic systems that are more equitable, that ensure wealth exceeding a certain level is redistributed more evenly. Historically, just and equitable societies were based on the ideal that we are all equal and deserving to live a healthy and balanced life (Who is Hussain, 2023). Riane Eisler’s research reveals that many early partnership-based societies, like Minoan Crete, had equitable use and distribution of wealth (Eisler, 1995). Sadly, authoritarianism has permeated modern economic models that enforce rigid rankings of people and where “no real agency is given to the individual” (Eisler & Fry, 2019). It is time we moved away from the top-down policies and practices of domination-based societies, to more equitable, bottom-up, horizontal structures at the heart of community currencies and partnership-based societies. Eisler reminds us of our collective agency (and responsibility) to create the world we want: “Because of our

unique ability to imagine new realities and realize these through ever more advanced technologies, we are quite literally partners in our own evolution” (Eisler, 1995, p. xiv). It is true that community currencies, along with other alternative currencies, have their unique sets of limitations. When not properly designed by the communities themselves, based on their unique set of realities, these approaches can result in limiting community potential, fomenting isolation from other communities (Larue, 2016). However, when properly understood for their complementary nature and designed to target specific socio-economic challenges, community currencies can transform communities by leveraging existing social structures (Faster Capital, 2024).

Income inequality undermines both individual and societal health, from reduced life expectancy and higher infant mortality to poor educational attainment, lower social mobility, and increased levels of violence and mental illness. Community currencies have the potential to ensure that communities from different cultures can anchor each other and support the most vulnerable among them. Essentially, community currencies are at the heart of a nature-based solution, as they make it possible for communities to survive even in a crisis. They show communities that when faced with uncertain times, what they need is within their own people and resources. Just as in nature, a community faced with challenges should not be discounted. While on the surface it may look defeated, with the right support mechanisms, including a community currency, communities can rebound from even the harshest conditions:

As the wind grows cooler, leaves drop and snow begins to fall, it’s easy to look at a shriveled, brown plant in the yard and think it is dead. But that’s just what’s above the surface. Below ground, the plant is still alive, just settled in for a long winter’s nap. (Iowa Department of Natural Resources, 2017).

Riane Eisler’s body of work reveals a compelling and hopeful human story. She exposes that for thousands of years humans lived in societies that were equitable and peaceful, societies where our capacities for caring, consciousness, and creativity were supported rather than inhibited (Eisler, 1995). In terms of our future, Eisler also reminds us that “humans have evolved powerful capacities, indeed proclivities, for empathy, equity,



helping, caring, and various other prosocial acts” (Eisler & Fry, 2019, p.28). In short, Riane Eisler gives us a more complete and accurate picture of who we are and who we can be, and how, by leveraging new social technologies (like community currencies) that sustain life, we show how we are distinctly human (Eisler, 2008, p.193).

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