OBJECTIVES OF THE PRESENTATION

An approach to two local development strategies is proposed, explaining its individual and/or joint feasibility of application.

**ENDOGENOUS DEVELOPMENT**
- focused on the collective and individual identity that inhabits the historic city

**SOCIAL OR LOCAL CURRENCIES**, complementary or alternative money devised to stimulate local entrepreneurship and

_The hypothesis, is that it could be a valid tool for local and community entrepreneurship, oriented to achieve greater social cohesion and sense of belonging to the place, and it could act as a moderator of the global trend,_
SOCIAL OR LOCAL CURRENCIES

Objectives and intent of these systems

Creating links between unused resources – products, services and knowledge, and the needs of local people, which are ignored or insufficiently valued by the formal economy.

These systems are oriented as one possible means to foster social cohesion.
SOCIAL OR LOCAL CURRENCIES.

Operation and value

- It may or may not have the support of town councils.

- It has no value outside the community creating it and is not valid for the traditional banking system.

However,
- it will have a higher response level if the local government supports the local initiative, channelizing local taxes in the new currency, as in the case of SOL-Violette and the Bristol Pound.

- The way of giving value to a currency of FIAT nature, i.e. created from scratch and without intrinsic value, lies in paying taxes with this currency, which will increase the demand of money, which will boost its value.

- An initial credit is required to foster exchanges.
### SOCIAL OR LOCAL CURRENCIES.

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<th>Feasibility</th>
<th>Advantages</th>
<th>Disadvantages</th>
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| It could be feasible, as it enhances the value of local economic resources. | **Coexistence** counteracting the effects of any official currency instability over the local community and its habitat.  
- there is no speculation, inflation, deflation or anything of the sort with this social currency.  
- There is no chance of an economic bubble, since it cannot be accumulated,  
- does not operate outside a specific area and has a limited volume, | **Limits** the limited area of use reduced number of users (companies, persons).  
In most cases it is used as a complement to the national currency. |

The risk of employing exclusively one and only cultural exchange model. (Lietaer)

Alicia Leonor Cahn Behrend  
KOREA. Seoul, 14 - 16 November 2016
SOCIAL OR LOCAL CURRENCIES.
Some experiences

At present, there exist more than 5000 social currency systems worldwide and around 50 types of different currencies (in Germany, Belgium, France, the United Kingdom, Switzerland, Italy, Spain, Canada, the United States, Japan, Norte, regions of North and South America).

In 2012 Brazil introduced innovative systems, launching 200 double-currency banks, based on the 10 years’ experience of the Palmas bank, in Fortaleza.


- is the most active regional currency in Germany
- It is a currency backed by the euro. Exchange rate: 100 € > 100 Chiemgauer.
- Upon enrollment, consumers choose a social project and change euros into Chiemgauer, and a 3% of cash is destined to the social project.
SOCIAL OR LOCAL CURRENCIES.

Germany: Bavaria, **Chiemgauer** (2003)

Consumers purchase from, and pay in, local stores at a fixed exchange rate (1 Chiemgauer = 1 euro). These businesses can

a) reconvert them into euros at the Chiemgauer office, paying a 5% commission, or
b) pay other local businesses in Chiemgauer. This encourages the increase of transactions among local businesses and provides an additional income to social projects.

- used by more 2000 consumers and more than 600 companies, generating an equivalent to 4 million euro each year. This social currency circulates 11.22 times per year, i.e. 2.78 times faster than the euro, thus boosting the regional economy.

- The constant increase of the multiplier effect of the Chiemgauer (from 1.11 in 2003 to 3.46 in 2012): it means an increase of economic transactions in the region and the local economy, before being reconverted into euro.
United Kingdom, Bristol: **the Bristol Pound** (2012), appr. one million inhabitants

This approach generates an extremely powerful emotional connection in the people which encourages social cohesion in a community.

- It is said to be the first local currency implemented in large city in England and the first that can be used to pay some local taxes.
- Currency is printed by a public local institution created to that end with the support of the City Council, the traders and the local ethical banking cooperative, Bristol Credit Union.
- It is possible to acquire all kinds of goods, services or knowledge.
- Such as the mayor of Bristol accepting his entire salary in Bristol Pounds, or
- The administration permitting the payment of taxes—as it represented a volume of more than 500 business as at 2012—builds trust in the population. El alcalde de Bristol cobra su sueldo íntegramente en Bristol Pound,
SOCIAL OR LOCAL CURRENCIES.

United Kingdom, Bristol: Bristol Pound, (2012). Apart from a means of payment, the Bristol Pound is, for the community, a vital device which fosters creativity, communication and exchange among individuals, a form of establishing links oriented to local values and in the means of exchange of goods and services.

It has led to reflection upon the way in which individuals, as a specific community, relate to each other in the city. It is no use installing an exogenous relational structure. Rather, it is all about identifying a structure inherent to the city.

France, Toulouse: SOL-Violette,

• Has the support of the official currency, local institutions, the city council of Toulouse and two local savings banks which facilitate the exchange of this currency. The exchange rate is 1 sol = 1 euro. Rusting: it loses 2% of its value every 3 months.

• It promotes local stores with socially and ecologically responsible products and is destined to users in this city and its surroundings. It achieves a circulation index twice as high as the euro, since the individuals use Sol to acquire goods and services instead of saving, thus boosting the economy.
Switzerland. The WIR Bank has operated (SMBs) since 1934. It is a cooperative bank offering loans in WIR, a currency that is only accepted among partner businesses, at a lower interest rate than that of the Swiss franc.

One in six SMBs in Switzerland participates, and so reciprocal economic relations are established, with transactions for approximately 4.000 million Swiss francs.

Similar initiatives in Spain and Portugal with TROCOBUY; in Spain, RES Catalunya, with a branch office in Belgium since 1995.

Spain there are more than 300 experiences in time banks throughout its territory. Galicia has a law encouraging their creation on a municipal scale and offer “services” quoted per hour regardless of their type or nature.
SOME REFLECTIONS. ENDOGENOUS DEVELOPMENT-SOCIAL OR LOCAL CURRENCIES.

1. In theoretical terms

It would be applicable in local and communal undertakings.

We could establish a certain correspondence in scale between the endogenous projects and opportunity areas and sites, which require a deeply rooted relation of the community itself with the site and with a productive, cultural and historical tradition.

The endogenous model, which places the human being at the forefront, shows a limited communal participation, active and proactive, in the usual urban heritage preservation programs and plans.

Today, the outlook is oriented to the balance, through the conjunction of regulatory instruments, between the two models (endogenous-exogenous)
2. Social cohesion is promoted through shared values in a relational system of social values. It is the Sociocultural Integration between the actors (economic, social, producers) and local institutions.

3. The sense of belonging to the site is a requirement and a consequence of the interpersonal relations in endogenous projects.

4. It is highly probable that it will act positively as a moderator of the globalizing trend. It is the local actor’s response to the challenges of globalization and, to that end, it “integrates different approaches to development: self-centered, human, sustainable development or development from the bottom.”

5. The endogenous development programs require to be conducted with strict controls and in compliance with an ad hoc regulation. It requires a scrupulous vigilance of income and expenditures, (public or private), (efforts and resources).
SOME REFLECTIONS. ENDOGENOUS DEVELOPMENT-SOCIAL OR LOCAL CURRENCIES.

6. Social cooperation and the pursuance of individual economic interests in historic cities are the only way towards their strengthening and development, since they drive motivation and the contruction of community interests.

7. The sense of property as well as the personal benefit derived from an activity are necessary.

8. The individualization of the forms of zonal interrelation among people of the same idiosyncrasy would permit the identification of the system that is most appropriate for that human group, a ground that is open to dialogue and the link to the physical and emotional construction of the site.

9. From the endogenous viewpoint, the urban sustainability in historic cities should insist on a more anthropocentric construction of development driven by integration and coexistence.

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10. The Bristol Pound represents a diversification of communal integration devices and policies, in which urban development and welfare are not contradictory with social and human development.

11. Both strategies evidently require a rigorous, respectful and transparent management, with a clear-cut delimitation of “shared” responsibilities. Their application requires an organic transparent and fully outlined structure, subject to continuous adjustments and effectiveness checks by qualified professionals. Ultimately, it demands a strict general, sectorial and networked management.

12. In the case of social currencies, though no real money is involved in the transactions, the apparent simplicity of the systems does not deny the complexity of its operation in practice.
SOME REFLECTIONS. ENDOGENOUS DEVELOPMENT-SOCIAL OR LOCAL CURRENCIES.

13. The experiences have failed due to lack of transparency, economic behavior insufficiently reflected, excessive red tape, communication issues and distrust among the members of the community.

14. Other problems involve the absence of cooperative relations and not listening to others' opinions. Any conceptual manipulation, any rivalry and indifference towards other social national and international currencies need to be avoided.

THANK YOU