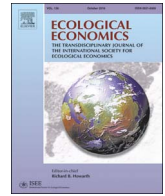




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## The Bristol Pound: A Tool for Localisation?

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### ABSTRACT

The Bristol Pound is not the first convertible local currency (CLC) to circulate regionally, to be administered by a credit union, or to be supported by a local council. However, it is the first to possess all three of these attributes simultaneously. For this reason, the Bristol Pound has been heralded by some as marking a new era for local currency-driven localisation. To explore the Bristol Pound's impact on localisation, 27 semi-structured interviews were conducted with businesses and other Bristol Pound stakeholders. Economists were also interviewed to gain insights into the barriers to localisation and the likely impact of a CLC on these barriers. Overall, our findings suggest that the Bristol Pound is not driving localisation. Many of the key barriers were found to be political/institutional in nature (e.g. support for free trade, the free movement of capital, the power of global corporations, and the expansionary logic of capitalism). Such barriers are unlikely to be influenced by a CLC. We therefore suggest that those pursuing localisation should engage in a more active agenda that aims to change government policy and institutions to support an equitable, sustainable economy.

### 1. Introduction

In recent decades there has been a global proliferation of local currency experiments. Through such experiments, communities, activists, and non-governmental organisations have sought to further a variety of social, economic, and environmental objectives. Convertible local currencies (CLCs) are a relatively recent local currency innovation. They are backed by national fiat money at a one-to-one ratio, circulate within a defined locality (district, town, city, region), and can be spent with local, independent businesses that agree to accept them (Dittmer, 2013; North, 2014). While there is some evidence that CLCs can help foster community, their utility for furthering economic and environmental objectives is less clear (Michel and Hudon, 2015; Seyfang and Longhurst, 2013).

This article seeks to assess the claim that CLCs have the potential to counter globalisation by fostering localisation (Hopkins, 2008; Kennedy et al., 2012). Localisation refers to a process whereby localities, regions, and nations seek to become as self-reliant as possible for their everyday needs, thus reducing their dependence on imported goods. Informed by the concepts of self-reliance and resilience, proponents of localisation argue that it is inevitable due to the twin threats of climate change and peak oil. Therefore, they argue, it would be better to de-globalise voluntarily to smooth the transition to a post fossil-fuel era (North, 2010; Heinberg, 2011).

While governments have, for the most part, been cheerleaders of

globalisation, opposition to it has largely been located in civil society. Since the mid-2000s, a number of civil society groups have experimented with CLCs with the aim of building more resilient local economies (North and Longhurst, 2013; Seyfang and Longhurst, 2013). While the relationship between CLCs and localisation has yet to be established (Dittmer, 2013; Michel and Hudon, 2015), the few case studies to examine the topic have mostly focused on small-scale town-based schemes in the UK (Longhurst, 2012; Graugaard, 2012; Cato and Suárez, 2012). These British schemes have been compared unfavourably to the Chiemgauer, a German CLC that circulates at the regional scale and has been operational since 2003. Despite being used by a wide variety of local businesses and producers, the question of whether the Chiemgauer actually drives localisation, as opposed to just replacing the euro in transactions that would have occurred anyway, has yet to be answered satisfactorily (Dittmer, 2013; North, 2014).

Launched in 2012 by the Bristol Pound Community Interest Company (ÉBCIC) and Bristol Credit Union (BCU), the Bristol Pound (ÉB) is a CLC analogous in scale to the Chiemgauer. Approximately ÉB700,000 circulate throughout Bristol and the former county of Avon, an area covering almost 2 million people in the south-west of England (Hickey, 2015; Bristol Pound, 2015). While the ÉB is not the first CLC to circulate regionally, be administered by a credit union, or have local authority support, it is the first one to do all three simultaneously. For these reasons, Ryan-Collins (2012) has heralded the ÉB as marking a “new era for local money”, and argued that it has real potential to drive

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localisation.

To date, no academic study has examined the relationship between a major CLC such as the £B and localisation. We aim to address this gap in the literature by exploring the following four research questions:

1. To what extent has the £B facilitated more local procurement by businesses that use the currency?
2. To what extent has the £B facilitated more local production?
3. What are the barriers to localisation, and are CLCs able to overcome these barriers?
4. If CLCs are not the answer to localisation, what other approaches could be pursued?

The first two research questions are addressed through the analysis of data gained from interviews with business owners in Bristol who accept the £B, as well as representatives of the £BCC, Bristol City Council (BCC), and BCU. The third and fourth research questions are primarily tackled via an analysis of data collected from expert interviews with heterodox economists and localisation practitioners, although the other data sources also make a contribution.

The remainder of this article is organised as follows. Section 2 outlines the study's context. Section 3 details the methodology, data collection, and analysis techniques employed in the research. Section 4 presents and discusses the results of the analysis, while Section 5 concludes.

## 2. Local Currencies in Context

### 2.1. Globalisation Versus Localisation

Geographical expansion has always been a key feature of capitalist development. However, following the breakdown of the post-war consensus in the 1970s, a combination of cheap oil, technological change, and a favourable political/ideological environment all contributed to a new round of globalisation, unprecedented in history. Since this time, capital accumulation has proceeded under a globalised economic order in which capital is free to relocate from high-cost to low-cost jurisdictions (Harvey, 1989; Harvey, 2006; North, 2010). This period has seen the rise of China as the workshop of the world and a concomitant decline in manufacturing in the Global North. Meanwhile, international trade and its associated carbon emissions have grown precipitously. Between 1995 and 2006, the carbon emissions embodied in international trade increased from 4.6 to 8.3 Gt, with such emissions now representing approximately one-third of the global total (Wiedmann, 2016; Xu and Dietzenbacher, 2014). With climate change mitigation necessitating huge emissions reductions, some proponents of localisation have argued that the necessary reductions cannot be achieved without re-localising production and exchange. Moreover, a process of localisation is also inevitable, they argue, due to globalisation's dependence on finite oil supplies which are thought to be about to peak (North, 2010; Heinberg, 2011).

The concept of resilience is central to such arguments. Proponents of localisation conceptualise a resilient society as one that can adapt to disturbances, while maintaining core functionality in the face of change (Cretney, 2014; Hopkins, 2008). Resilience is unobtainable, it is argued, in the absence of self-reliance, which, in turn, requires a situation where basic needs can be satisfied using locally-produced goods and services. With its dependence on long, transnational, carbon-intensive supply chains, our contemporary globalised society is viewed as representing the very antithesis of resilience (Heinberg, 2011; James and Cato, 2014).

Local currencies have been endorsed by some as promising tools to help drive localisation (Douthwaite, 2012; Kallis, 2011). While Dittmer's (2013) review of the topic found little evidence that experimentation with local currency models such as LETS, HOUR currencies, and time banks had helped facilitate localisation, he raised the

possibility that the absence of localisation might be due to the failure of these local currency models to gain the support of local businesses. CLCs, which are a relatively recent local currency innovation, have been much more successful in attracting business participation, and thus it could be argued that they have greater potential to drive localisation.

### 2.2. Convertible Local Currencies (Pre-£B)

CLCs circulate within a defined locality (district, town, city, region) and can be spent with participating local businesses. Their relative success in attracting business support has been attributed to the fact that CLCs are backed by the national currency (North, 2014). The first ever CLC, the BerkShare, was founded in the USA in 2006 by the alternative economics think-tank the E.F. Schumacher Society.<sup>1</sup> By 2009 there were 180,000 BerkShares circulating throughout southern Berkshire County, an area covering 19,000 people. Moreover, 365 businesses were accepting BerkShares in this year. The CLC model soon caught the attention of Transition activists in the UK who advocate grassroots action to build localised economies to counter the twin threats of climate change and peak oil (Longhurst, 2012). By 2011, the towns of Totnes (Longhurst, 2012), Lewes (Graugaard, 2012), Stroud (Cato and Suarez, 2012), and Brixton (Ryan-Collins, 2011) all had their own CLCs. Although these CLCs have managed to attract business participation, their impact on localisation has been shown to be negligible — at least to date (North, 2014). However, it should be noted that these CLCs are all town-based schemes, while it has been argued that regional-scale CLCs have a better chance of driving localisation. With their larger circulation areas, regional-scale CLCs are thought to provide more opportunities for links to be forged between retailers, local producers, and suppliers (Douthwaite, 2012).

### 2.3. The £B: A New Era for Local Money?

The £B was launched in 2012 as a not-for-profit collaboration between the Bristol Pound Community Interest Company (£BCC) and Bristol Credit Union (BCU). Approximately 900 businesses accept it and transactions can be undertaken using paper notes or electronically, either online or with a mobile phone. BCU is responsible for administering £B accounts, while the £BCC promotes the scheme and works to increase participation. The £BCC is registered as a not-for-profit community interest company, while £B account holders are represented on the board and can participate in decision-making. Surplus profits generated by the £BCC are distributed to active scheme members and the company's accounts are available online (Bristol Pound, 2015).<sup>2</sup> The £BCC also plays an active role in promoting localisation, most notably through The Real Economy Co-op. This £BCC-backed initiative aims to source “fresh and locally produced food as directly as possible from the people who grow and make it... giving them a fair price for their produce” (Bristol Pound, 2016).

When the £B was launched, Ryan-Collins (2012) published an article under the headline “Bristol Pound marks new era for local money”. The article outlined three attributes which, taken together, make the £B well-placed to succeed in driving localisation.

First, Ryan-Collins (2012) argues that owing to its regional circulation area (the former county of Avon), the £B has the potential to drive localisation by linking agricultural producers and local energy cooperatives with an urban population of more than one million people. The £B Directory currently lists 13 farms, a renewable energy company, and two energy cooperatives amongst the 900 business that accept the

<sup>1</sup> The innovation of the CLC model would not have been possible without the LETS and HOUR currencies which preceded it. For a short history of the evolution of local currencies pre-CLC see North (2014).

<sup>2</sup> Profits are generated from fees charged on electronic payments: 2% for receiving text payments and 1% for receiving online payments (Bristol Pound, 2015).

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