



The Advantages of a Community Currency

Carolin Fritzsche
ifo Institut
Leipzig, 03/09/2014

Ecological



• Avoid the 3 R's (Reduce, Reuse, Recycle)
• Avoid single-use products
• Buy local and seasonal
• Buy organic
• Buy products with recycled content

Economic



- Support the local economy
- Reduce carbon footprint
- Buy local and seasonal
- Buy organic
- Buy products with recycled content

The exchange rate regime matters!

• The exchange rate regime matters!
• The exchange rate regime matters!
• The exchange rate regime matters!

Not every region should adopt its own currency

• Not every region should adopt its own currency
• Not every region should adopt its own currency
• Not every region should adopt its own currency

Where do we go from here?
Don't panic! Things are never so bad!
In economic advantage, consider
flexible exchange rates!
Think who's your neighbor ahead
of you in your currency!

Community Currencies?
• The exchange rate regime matters!
• The exchange rate regime matters!
• The exchange rate regime matters!

Social



• Support the local economy
• Reduce carbon footprint
• Buy local and seasonal
• Buy organic
• Buy products with recycled content

The Advantages of a Community Currency

Carolyn Fritzsche
ifo Institut
Leipzig, 03/09/2014

Community Currencies?

- CCs go back to ancient Egypt!
- They mostly emerge in times of economic distress.
- CCs are especially popular today.



Community Currencies?

- **CCs go back to ancient Egypt!**
- **They mostly emerge in times of economic distress.**
- **CCs are especially popular today.**





Ecological



- modify distribution channels
- change in consumption patterns
- need to rethink the way we live
- rethink how to support customers and invest in new products

Economic



- flexibility for small businesses
- national unemployment
- sectoral imbalances
- uneven regional growth
- inflation due to loose monetary policy
- stabilization during crisis

The exchange rate regime matters!

- most CEA operate under fixed exchange rate regime
- flexible exchange rates under a regime of free market exchange
- during a crisis, countries do not want to let their currencies float
- how to build recovery in emerging markets

Not every region should adopt its own currency.

- there are criteria which define an Optimum Currency Area
- some areas of common currency may be more beneficial
- each region has its benefits and costs

Where do we go from here?

Don't promise things you cannot hold!
For economic advantages, consider flexible exchange rates!
Check whether your region should adopt its own currency!

Community Currencies?

- CCA go back to 19th century!
- The world's answer to limits of economic globalisation
- CCA are especially popular today

Social



- change in social behavior
- change in consumption patterns
- need to rethink the way we live

Ecological



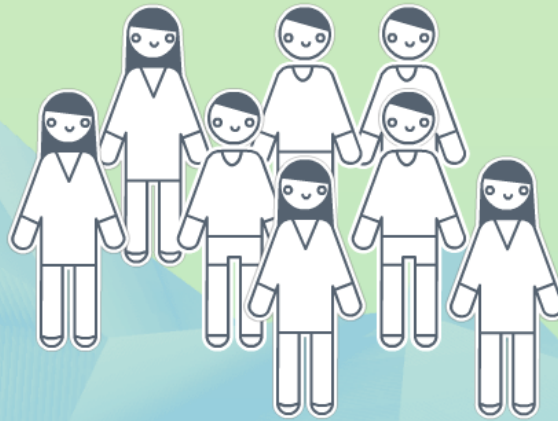
- shorter distribution channels
- change in consumption patterns
- sometimes backed by real resources
- profits used to support environmental investment projects

The exchange rate reg


- most CCs operate under a fixed exch
- flexible exchange rates make a regio
- shocks
- during a crisis, products denominate
- thus the local economy is stimulate

- shorter distribution channels
- change in consumption patterns
- sometimes backed by real resources
- profits used to support environmental investment projects

Social



- change in social behavior
- stronger community network
- profits used to support social investment projects

- 
- change in social behavior
 - stronger community network
 - profits used to support social investment projects

Ecological



- Stable distribution channels
- Change in consumption patterns
- Need for better distribution
- Need for better distribution
- Need for better distribution

Economic



- Stability for small businesses
- National employment
- National employment
- National employment
- National employment

The exchange rate regime matters!

- Most CCA operate under fixed exchange rate regime
- Some CCA operate under flexible exchange rate regime
- Some CCA operate under flexible exchange rate regime
- Some CCA operate under flexible exchange rate regime

Not every region should adopt its own currency.

- There are advantages which differ on Optimum Currency Area
- Some areas a common currency may be more beneficial
- Each region has its benefits and costs

Where do we go from here?

Don't promise things you cannot hold!

For economic advantages, consider flexible exchange rates!

Check whether your region should adopt its own currency!

Community Currencies?

- CCA go back to what Europe!
- The world cannot do this of economic
- CCA are especially popular today

Social



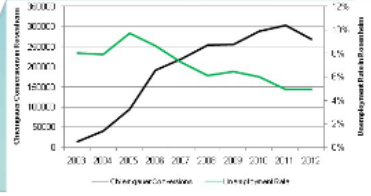
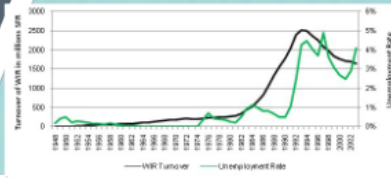
- Change in social behavior
- Change in social behavior
- Change in social behavior

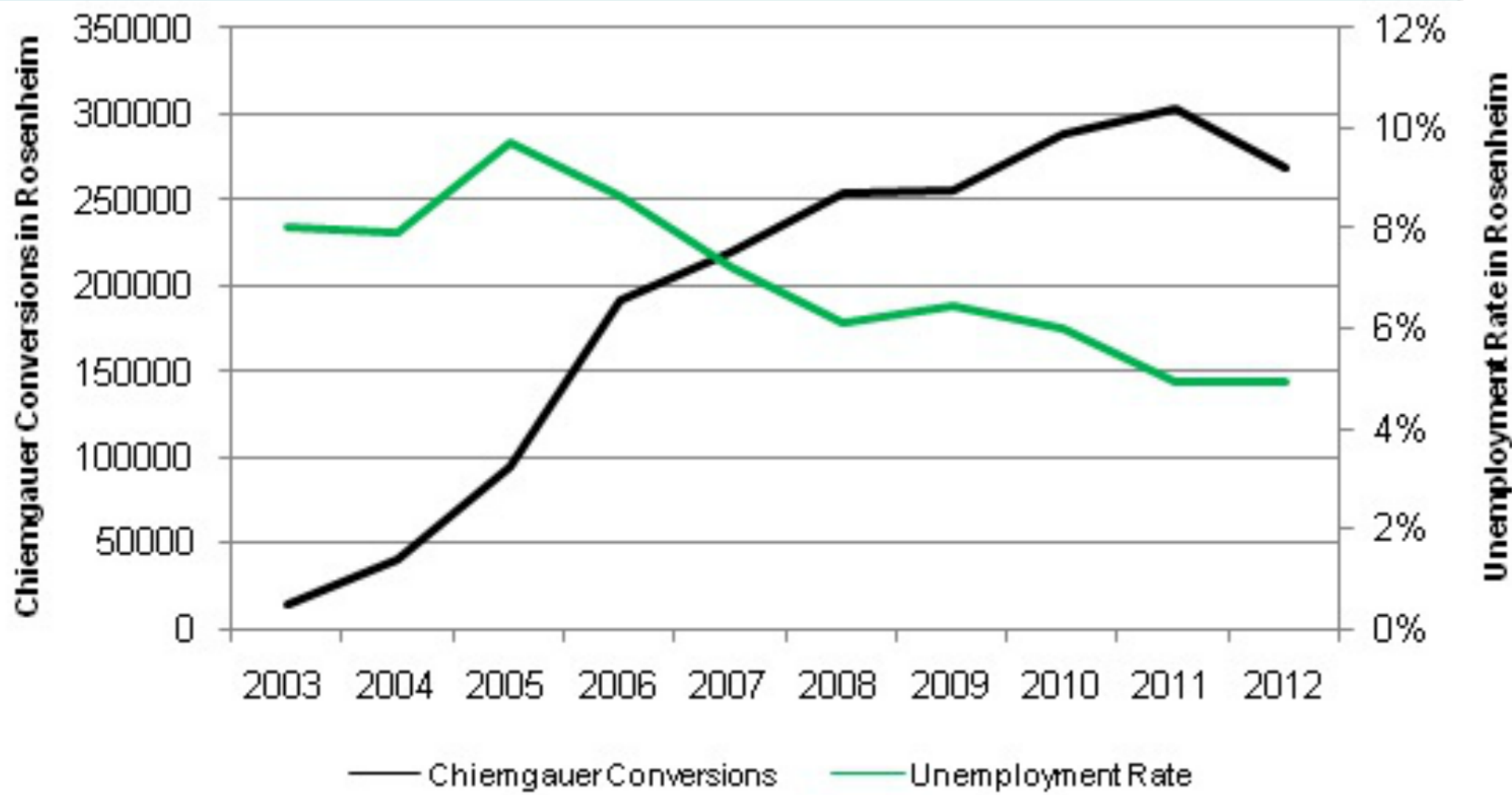
Economic

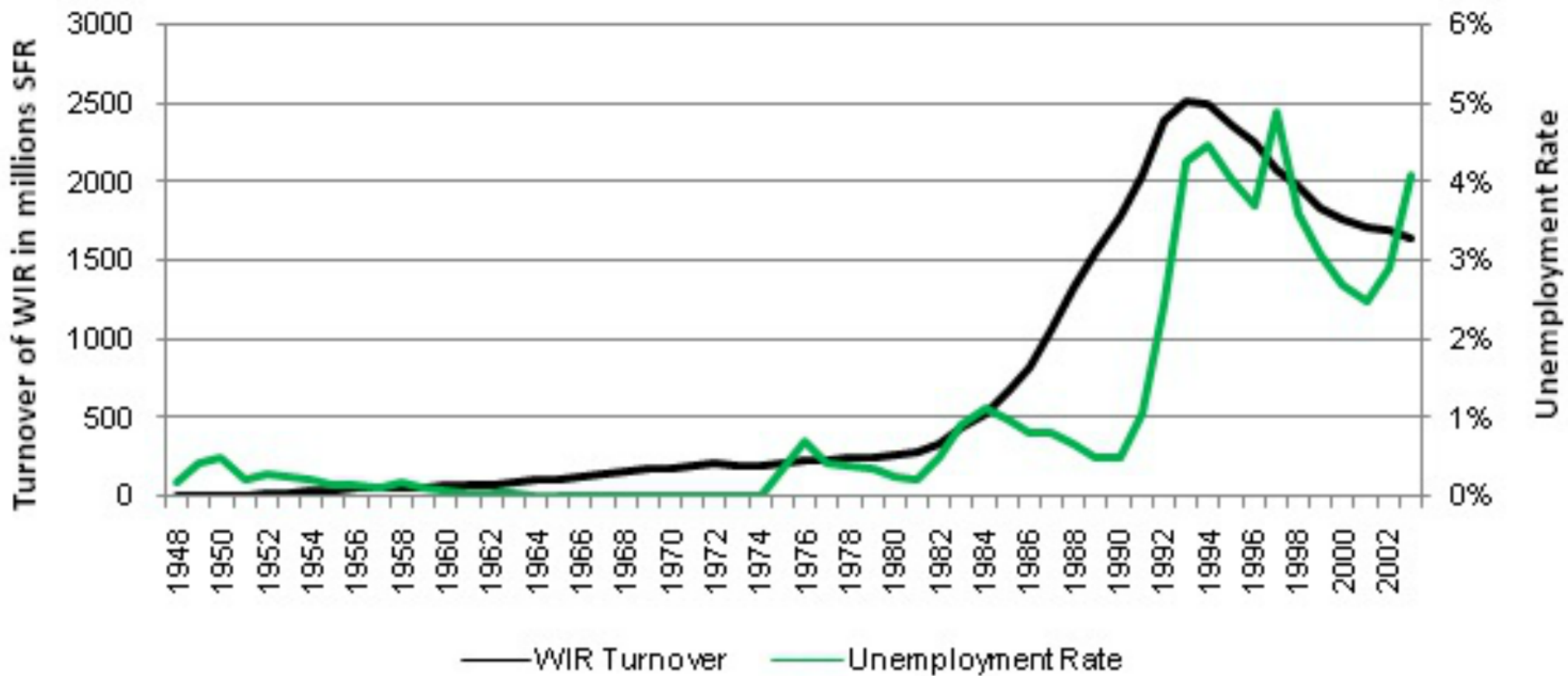


- liquidity for small businesses
- support unemployed
- sometimes mutual credit system between participants
- ★ • resilience due to more diversification
- ★ • stabilization during crisis

- liquidity for small businesses
- support unemployed
- sometimes mutual credit system between participants
- ★ • resilience due to more diversification
- ★ • stabilization during crisis





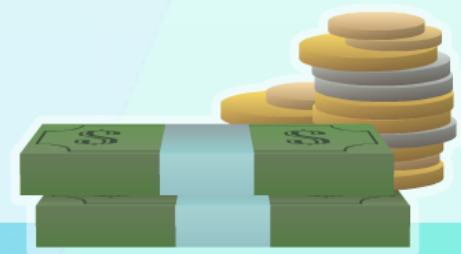


The exchange rate regime matters!

- most CCs operate under a fixed exchange rate regime
- flexible exchange rates make a region more resilient towards shocks
- during a crisis, products denominated in CC become cheaper, thus the local economy is stimulated

Not every region should adopt its own currency.

- there are criteria which define an 'Optimum Currency Area'
- sometimes a common currency may be more beneficial
- each regime has its benefits and costs



Where do we go from here?

Don't promise things you cannot hold!

For economic advantages, consider flexible exchange rates!

Check whether your region should adopt its own currency!



Where do we go from here?

Don't promise things you cannot hold!

For economic advantages, consider flexible exchange rates!

Check whether your region should adopt its own currency!

Ecological



• Avoid the 3 R's (Reduce, Reuse, Recycle)
• Avoid fossil fuels
• Avoid plastic
• Avoid single-use items
• Avoid fast fashion
• Avoid fast food

Economic



- Support the local economy
- Support local jobs
- Support local businesses
- Support local producers
- Support local services
- Support local infrastructure

The exchange rate regime matters!

• The exchange rate regime matters!
• The exchange rate regime matters!
• The exchange rate regime matters!

Not every region should adopt its own currency

• Not every region should adopt its own currency
• Not every region should adopt its own currency
• Not every region should adopt its own currency

Where do we go from here?
Don't panic! Things are never so bad!
In economic advantage, consider
flexible exchange rates!
Think who's your neighbor ahead
of you in your currency!

Community Currencies?
• The exchange rate regime matters!
• The exchange rate regime matters!
• The exchange rate regime matters!

Social



• Support the local economy
• Support local jobs
• Support local businesses
• Support local producers
• Support local services
• Support local infrastructure

The Advantages of a Community Currency

Carolyn Fritzsche
ifo Institut
Leipzig, 03/09/2014