Chapter 1
Creating Resilient Communities:
Local Currencies and Time Banks in Green Economy

Ozge Yalciner Ercoskun
Gazi University, Turkey

ABSTRACT
Money is a human invention; it can be redesigned to fulfill today’s needs. Local currencies are economic and social instruments, operating as supplements to conventional money. Local currencies can serve multiple purposes, including: stimulating the local economy, building an active social network and encouraging sustainable consumption. This chapter focuses on social local currencies and time banks and attempts to answer the question, how they can contribute to the local development and help to build a resilient community. The objectives of this chapter are to analyze what local currency is and how it works, and to provide operational information on how to build currency systems and time banks. The chapter also gives case study insights on how different communities and eco-villages in the world have managed to create resilient economies with local currencies. The chapter concludes by putting forward the significance of the resilient communities, thus contributing to the long-term goal of sustainable development.

INTRODUCTION
You collect eggs from your chicken for your food supply, but you are tired of eating them every day. Instead you want to eat some bread. Fortunately, a baker lives close to you. Trading the baker eggs for bread is an example of barter, the direct exchange of goods. Barter is the exchange of resources or services for mutual advantage, and the practice dates back thousands of years. Barter among humans certainly caused the use of money. However, barter is not easy when you try to get a good from a producer that does not want what you have. The trades needed to find goods could be difficult and time consuming. Early communities faced these problems. The solution was money. Money is a commodity that is accepted in trade. Over the years, people have used many items for money, such as seashells, tea, cloth, fur, cattle and even tobacco. Most early cultures traded precious metals. By 700 BC, Lydians became the first in the Western Turkey to make coins. The Lydians
used coins to enlarge their trading. The Greeks and Romans sustained the coining tradition and gave it on to other Western civilizations.

During the 18th century, coins became widespread throughout Europe as trading grew. The Chinese were the first to use paper money (618-907 A.D.). Money is used for three reasons: 1) Means of Exchange: People exchange money in trade for goods and services. 2) Measure of Value: The value of a good or service can be measured and compared with money. 3) Accumulate of Value: Money can be saved and accepted in the future (Minneapolisfed, n. d.).

The shift to banknote in Europe enlarged the amount of international trade. Banks started buying banknotes from other nations and created the first finance market. Weatherford (1997) classifies money into three generations. First generation was the invention of coins ultimately spread around the world and created open and free markets. The second generation of money beginning from the Renaissance through the Industrial Revolution generated the world capitalist system with the invention of national banking. These two generations of money created its own unique culture and destroyed the tributary empires and feudalism. In the millennium age, the era of electronic money and virtual economy started. The new money will alter the organizations, enterprises and political systems. Virtual money will make its own version of civilization.

Today, the banking system is one of the most corporate institutions of global economy and one of the major impediments to strengthening local economies and the communities within them. In today’s global economy, national currencies had an impact on widening the gap between rich and poor, discouraging local communities, overwhelming indigenous groups, and polluting the environment. Local businesses, unable to compete with the products of global economy, become strong players in resilient, local markets (Witt & Lindstrom, 2004). Schumacher (1974) states that the most sustainable economy would be one in which the goods consumed in a locality are produced in the same locality using local resources and local labor. Jacobs (1985) views the economy of a locality as a living body in the process of expanding and shrinking and a local currency as the appropriate regulator. A locality which does not produce enough goods it consumes comes to be dependent mostly on imports and finds that its currency is devalued. But if the locality fulfills its own needs, then its currency holds its value relative to other currencies as a resilient locality. From global dependency to local resilience, the move towards more localized and productive living arrangements is not a choice, but it is an inevitable direction for humanity (Hopkins, 2008, p.17).

While developing alternative models for local monetary systems, Linton founded the first local exchange trading systems (LETS) in the 1980s in Canada. LETS programs based on barter were created as a simple debit and credit system, denominated in the national currency. Users wishing to buy goods or services offered through the LETS program would simply phone in a transaction to a central coordinator and their LETS account would be debited and the seller’s account credited. Users would then spend their credits with other members in the system. The system was autonomous with members issuing their own credit at the point of buying (Witt & Lindstrom, 2004). LETS programs are the most popular local currency systems throughout the world, generating various versions.

The research questions raised in this chapter, not listed in order of priority, but in the order in which they are addressed, are:

- What is the short history of money?
- How global crises and national currencies affected local communities? What is an economic resilience?
- Is regional or local currency a regulator for a green economy?
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