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## **The money makers: The institutionalisation of alternative currencies in North-West Europe**

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## Summary

This dissertation examines the development and implementation of alternative currencies in North-West Europe. I argue that these initiatives aspire to institutionalise and investigate both the content and the consequences of this institutionalisation. Although often analysed as lay or grassroots alternatives to global financial practice, alternative currencies are, by and large, professionally designed and managed by specialised enterprises. I found that these enterprises engage in intense interactions with established public institutions and businesses, as well as with financial legislation and regulatory bodies. Even though they are privately issued, such currencies are subsidised, purchased, and implemented by local governments and civic institutions. The institutionalisation of alternative currencies thus concerns processes whereby their establishment becomes embedded in formalised practices, procedures, and regimes of regulation. I argue that this is a common feature of alternative economic practice that is consistently disregarded or overlooked, both in activist literature, and in the anthropology of money. This dissertation addresses the question of what this institutionalisation implies for our understandings of (alternative) economies. In doing so, I aim to draw attention to the tight institutional network that connects the multiplicity of agents constituting and structuring economies. There are more than two sides—heads (the state) or tails (the market) to a coin. This dissertation turns to the space in-between—to the edge of the coin—for its inspiration.

I term those at the centre of this research the ‘Money Makers’ because they make currencies that follow particular rules and value systems that are different from conventional euros and pounds sterling. These local forms of money are thus not the product of the agents that usually regulate the supply and movement of currency—nation-states and central banks. The Money Makers in this context are the initiators, employees, and volunteers of three leading alternative currency organisations: namely the Social Trade Organisation (STRO) and Qoin in the Netherlands, and the Bristol Pound in the United Kingdom. These organisations are

the catalysts and pacemakers of developments in alternative currencies in North-West Europe. The Money Makers aspire to institutionalise their alternative forms of money on a city scale. They work to generate resilient local economies and socially engaged communities by engaging citizens in reciprocal trade with businesses and public institutions within their city. The Money Makers are brazenly ambitious, and the imaginative force of alternative currencies mobilises municipalities, funding bodies, and local actors alike. However, the economic impact of these ‘different types of money’ is marginal. The institutionalisation of alternative currencies is intriguing, precisely because this tension—that between ambition and impact—draws attention to the managers of money(s) who are located in-between the realm of the state and the realm of the market.

My research is based on seventeen months of ethnographic fieldwork during which I worked as a volunteer for Qoin (January 2016–February 2017); STRO (February 2017–January 2018); and the Bristol Pound (February 2018–April 2018). During this time, I participated in the organisations and worked with, and alongside, the Money Makers in their efforts to design, implement, and manage alternative currencies. In addition to this work, I held semi-structured interviews with the management and staff of the organisations as well as the (would be) clients and users of the currencies: municipal workers, executives of public institutions, and business owners. I also performed documentary analysis of the paperwork produced in the process of institutionalisation of an alternative currency. Finally, I engaged in numerous conversations that took place during lunch times, coffee breaks, meetings, and many other moments that opened up space for informal chats.

Following Part I, in which I outline the theoretical framework in chapter one and the methodology in chapter two, the five ethnographic chapters of Part II and Part III address a series of specific questions: How and why do alternative currencies emerge, develop, and become interconnected in the Netherlands and the United Kingdom? What is the political design of alternative currencies? How does financial regulation and legal compliance impact upon the implementation and shape of

alternative currencies? What are the consequences when an alternative economy is managed through the terms and parameters of a business? How do the interactions between the Money Makers and local institutions take shape and what does this imply for citizenship?

Chapter three outlines the organisational histories of STRO, Qoin, and the Bristol Pound. By tracing the emergence and demise of different currency experiments, it analyses the history and development of ideas concerning alternative currencies in North-West Europe, seen here as a process of ‘failing forward’. The process of ‘failing forward’ refers to how the Money Makers see the rapid rise and fall of alternative currency forms as a positive path of discovery towards a sustainable economy. To fail forward means that failure is required to attain success: The demise of a currency presents an opportunity for the next. For example, elements of the Local Exchange and Trading Systems (LETS), popular in the early 1990s, can be found in present-day currency models. Yet, the LETS-model as a whole has long been abandoned because, according to my research participants, it simply ‘did not work’.

The Money Makers consistently stress that they aim to learn from their own and from each other’s experiments with alternative forms of money. They see themselves as the ‘cowboys’ of currency, discovering new lands on the vanguard of financial innovation. In their eyes, the currencies are never perfect because they have yet to reach the ultimate goal of a financially sustainable, closed-loop, fair economy. This sense of perpetual experimentation incentivises the Money Makers to continuously invent new currency models, follow each other’s progress, and share ideas and experiences during international conferences. In this collective quest, they are connected to each other through knowledge networks, funding bodies, and collaborative projects. The attitude of ‘failing forward’ thus forms a key drive in the emergence, development, and interconnectedness of alternative currencies in North-West Europe.

Chapter four takes a closer look at what money should do according to the Money Makers, and how this purpose should be reached. This chapter outlines the first of four perspectives I introduce in order to approach the institutionalisation of alternative currencies, namely: the political physiology of money; incorporation; managerial governance; and economic imaginaries. I start by exploring the political physiology of money because, in particular, it emphasises the importance of researching those who administer money, in addition to those who use it. This perspective aims to illuminate the ideals and purposes with which money is brought into being, and how it is managed accordingly. I demonstrate this by detailing the political design of the alternative money administered by the Money Makers. The ethnography in chapter four outlines how the Money Makers talk about and understand money, and how precisely they intend their initiatives to represent viable alternatives to the mainstream economy.

STRO, Qoin, and the Bristol Pound think the current monetary system is at fault because money 'leaks away', like water, towards financial centres. This is because financial centres house, for example, large commercial banks that issue money and demand it back with interest. The Money Makers argue that this is an unsustainable system because it demands incessant growth and, in doing so, solidifies skewed power relations in the economy. To remedy this situation, the Money Makers make the case for actively bordering money so that it circulates within the community. I show that the notion of 'circulation' is central to the properties of an alternative currency. Circulation is a key metaphor that expresses a way to regain local power over the flow of money in a city. To achieve the ideal of bounded circularity, the Money Makers have designed a software system that, they argue, will make money flow the way it is supposed to. This software is called Cyclos, and it is a means to regain control over the movement of money. I show that although Cyclos is designed and operated by the Money Makers, the software is perceived as having an agency of its own. I call this 'algorithmic reason'. It is imagined and portrayed to work as a dam, a closed environment, keeping the flow of money within the city.

The political design of an alternative currency thus differs from the design of conventional money by virtue of its existence within Cyclos.

Chapters five and six detail how the Money Makers wish to realise their ambition by incorporating their activities into a legal entity—a business-like form. Through incorporation, STRO, Qoin, and the Bristol Pound aim to secure the financial sustainability of their currencies. It is precisely in the form of an enterprise that they can collectively act as a single entity, connect to stakeholders in society, receive funding, and comply with financial legislation. In these chapters I make the case for more extensively considering enterprises as key managers of economic life. Chapter five outlines the operational structure of the Bristol Pound. It documents the centrality of legal compliance in the attempt to institute an alternative economy and specifically the types of alternative currency it produces in the process. This evidences that alternative currencies do not ‘liberate’ money from its current institutional embeddedness. I emphasise how economies are structured by law and how the flow of money is, always and in various forms, situated within institutional and organisational arrangements that inherently shape the ambitions and desires of the Money Makers themselves.

Chapter six builds upon these insights by exploring how an alternative economy is managed through the terms and parameters of a business. This chapter zooms in on the managerial governance of one of Qoin’s currencies, called the *WoolsePas*. I specifically detail how efficiency, as a central rationale of businesses, is understood and applied differently by the Money Makers. For the Money Makers, a fundamental problem of conventional economies is that competition ultimately leads to monocultures (and multinationals) because it is essentially a practice of elimination. In the *WoolsePas*, efficiency is geared towards cooperation between an amalgam of local companies and institutions such as nursing homes, sports conglomerates, as well as the municipality itself. This type of efficiency is brought about by a particular managerial structure that is oriented towards engendering inter-institutional conversation as a way to better withstand the monopoly forces of the

global economy. Qoin's way of engendering cooperation through the structure and logics of a business is realised in the model of 'value outcomes'. I show that unpicking this 'ontology of efficiency' uncovers, not only how they might be hindered or 'co-opted' by the very economic structure they aspire to change, but also how, in a number of ways, they work *with* and *through* this system to reach their goals. As such, the overarching goal of chapter six is to disentangle efficiency from the logic of neoliberalism.

Chapter seven zooms in on STRO's interaction with a local institution that represents the interests of entrepreneurs in Utrecht. In this chapter, I delineate different 'economic imaginaries', namely the ways in which people think about, and imagine, the possibilities of economic practice. I show that these economic imaginaries translate into citizenship agendas for the city. Chapters five and six specify how the alternative currency initiatives interact with distinct instruments of state power such as financial legislation, and market rationalities such as efficiency. In this final chapter I situate the efforts to institute an alternative currency within broader socio-political discourses. I discuss how the Money Makers' purpose of what money *should* do materialises into practice through the conversations between the Money Makers and other societal actors.

Specifically, I focus on the Netherlands to draw out two prominent political projects that infuse possible ways of operating in the economy. These are the *poldermodel*, as a mode of laborious collaboration across multiple fields and actors in society, and *BV Utrecht*, wherein the city is envisaged as a business, the entrepreneurial citizens of which are key to its prosperity and resilience. Together, these projects produce an ideal of economic resilience for the city through entrepreneurial cooperation. The Money Makers at STRO work from, and with, a decidedly institutional emphasis on cooperation and entrepreneurship present in these political projects— as does *Ondernemersfonds Utrecht*, which is the institution with which they wish to cooperate. I argue that these ideals materialise in distinct and diverging citizenship agendas. The projects and actions of the collective of

businesses in *Ondernemersfonds Utrecht* show that businesses take on the political agency of citizens: They demand services from the state and take on responsibilities, such as taking care of their immediate environment. They form a distinct group populating ‘the edge of the coin’. Yet, their economic imaginary for Utrecht is different than the one espoused by STRO. This shows that ‘the edge’ is by no means a uniform field. It also reveals the normative idea(l)s of the institutions that populate the edge of the coin, for the pluralisation of regulatory authority also means that there are different ideas of what kind of community and community-behaviour money (or, more broadly, economic activity) should bring about. These are political questions that become visible in the interplay, or interactions, between the institutions and actors in-between states and markets.

I conclude that alternative currencies are institutionalised at multiple scales and modes of interaction through legal formations, economic discourse, and particular culturally informed political projects. The Money Makers are both caught up in, and actively seek, institutionalisation on their route to stability. This has consequences for how we understand alternative economies, as the form through which the Money Makers conduct their activities fundamentally impacts upon the shape and functioning of their currencies. More broadly, this also has consequences for how we understand economies at large, because it illuminates that the regulatory authority over the movement of money is fundamentally plural in nature.