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LOCAL CURRENCIES IN EUROPEAN HISTORY : AN ANALYTICAL FRAMEWORK

1. Introduction

How to present local currencies in European history?

The subject is rather complex, as the first point is a clear definition of what might be called "local currencies". In some respects, currencies inside a given territory are local currencies, thus including currencies from nation states and even transnational but still territorial currencies as the euro. This leads to define "monetary localism", *i.e.* local currency schemes, as the organization of a location of exchanges within a specific space by way of an adaptation of an existing monetary system or the construction of a proper monetary system (Blanc, 2002). In this respect, today's monetary system is built around local currencies, whose territories are the nation-states' ones. This is obviously not the purpose of this conference to develop an historical insight on these currencies; it is rather to wonder about local currencies on a sub-state level. Nevertheless, an historical account of local currencies may hardly pass over state local currencies, at least because there were times, not so ancient, when modern nation states were built and had to expel other local currencies, that were from then considered as currencies competing against sovereignty. Nation-state currencies may be considered, then, as a form of local currencies that triumphed over other forms.

In the following section, I will present the analytical framework through which European history of local currencies will be viewed. Section three deals with cases of local currencies issued as answers to situations of necessity, section four deals with local currencies issued from banks, and section five deals with local currencies mainly issued by civil organisations and aiming to change the nature of money and, beyond, the economic organization of society. Section six concludes and tries to establish differences between local currencies from today and those from the past.

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2. A framework

2.1. Three historical periods

In order to discuss local currencies in European history, it is to be defined how broad will be this historical insight. This paper's choice is to take a broad view, starting with the end of medieval times and ending with the 1970s. Three main reasons justify this choice. Firstly, this allows avoiding losing one's in details, presenting only a couple of experiences and forgetting to contextualize them. Secondly, experiences of local currencies where not important since the beginning of the 19th century and their nature changed. Finally, this leads to present an analytical framework that should be useful in order to understand today's local currencies movement.

One can distinguish, at first, three historical periods.

The first one starts with the end of medieval times, when some kingdoms tended to unify the monetary systems and coinage; this period was characterized by a great diversity of money, including forms of local currencies.

The second period corresponds with the building of nation states and, consequently, what Benjamin Cohen (1998) calls a "*westphalian model of geography of money*". It is centred on the principle of one nation, one money, clearing each sovereign territory of other currencies than the sovereign one, and tending towards an international monetary system, that is a system built around contacts between national currencies. The achievement of such period is rather recent: in Europe, it was done generally during the 19th century, sometimes during the first quarter of the 20th century, as we will see later with the establishment of issuing monopolies. The first step was the establishment of a sole unit of account in the whole sovereign territory; the next one, which was sometimes very long, was the unification of the means of payments, at first coins and then notes. Some countries still have today a series of banks of issue, as United Kingdom (in Ulster and Scotland), but their system is regulated by a central bank.

The third period is characterized by well-established and unified nation-states monetary systems, however sometimes facing contestations of such a regime of monetary sovereignty; I assume in this presentation that this period started to change its nature with the seventies, when contestation became more and more acute. This new contestation takes the form of local currencies, as well as informal and partial dollarization, electronic money, debates on monetary unifications (in Europe, with the implementation of the euro, as well as in Latin America with debates on a full dollarization), etc. (Cohen, 1998; Blanc, 2000; Helleiner, 2003).

This makes the 30 last years look like a new period in which we are now living. In this respect, one can consider the fifties and sixties as years of the climax of the

Westphalia model of monetary sovereignty. It spread all around the world by means of establishing new territorial currencies in decolonized countries (mainly except from the Franc zone) and putting each country under the rules of the IMF — or, at least, presenting its rules as the normal horizon for every country. Helleiner (2003) calls this period the "final wave". On an institutional point of view, the achievement of such a monetary regime was the establishment of Central banking gathering powers among which was the monopoly right of issue: the number of independent countries having their central bank rose from 59 in 1950 to 161 in 1990 (Capie, 1995).

2.2. Issuers and rationales for monetary localism

European history gives obvious evidences that the contemporary dynamics of local currencies is not a new one, but the distinction made above between three historical periods helps to identify how much the contemporary dynamics is a specific one. In order to make it clearer, we will operate two useful distinctions.

A first distinction is to be made between the natures of issuers of local currencies. One can distinguish indeed four main kinds of organizations issuing local currencies: public authorities, groups of citizens, businesses.

- Public authorities take different forms but all administrate a territory with a political purpose: cities, departments, regions, federated states, provinces, etc. This is the common view on local currencies: everyone being used to associate money with the State, local currencies are mainly viewed as a sort of a decentralized mean to issue and manage the currency.
- Citizens may issue money through organizations centred on a local territory. As we will see below, some organizations may take a religious purpose (chapters in late medieval France), or civic purposes sometimes articulated to political views (Owenian experiments during the 19th century and Gesellian experiments during the 20th century).
- Businesses may themselves issue money, ranging from local shops issuing emergency coins, to firms organizing an internal monetary scheme for their customers (barter trade industry)…
- Banks are a specific kind of businesses, since their specialized function is to manage their customer's accounts and to afford credits. Their credits may be done under the form of a specific currency.

A second useful distinction is to be made between rationales for establishing local currencies: sovereignty, seigniorage on issued currency, direct financing through the issue of circulating bonds, protecting local spaces by avoiding outflows of revenue or by maintaining them outside deflation or inflation (thus avoiding shortage or overflow of currency); revitalizing local exchanges, production and then revenues; transforming the nature of exchange through a specific currency (Blanc, 2002).

A minimal characterization of rationales for issuing money from the three above categories can be as follow: while local public administration's goals are mainly to protect or stimulate local economies or to finance themselves (when it is not a case of claiming sovereignty), groups of citizens either aim at stopping a currency shortage or at transforming the nature of exchanges according to an ideological basis, whereas businesses aim at organizing exchanges and purchases on the basis of which they can develop their activity.

This framework is used below in order to identify the main features of the past's European monetary localisms and to stress differences between these features and today's monetary localism.

3. Local currencies as a result of necessities

Before, and during, the building of the Westphalian model of monetary sovereignty, most of local currencies were issued by local public authorities, because of the pursuing of ancient authorities centred on feudalities, or because of contesting rising central powers. The Westphalian trend towards monetary unification implied a progressive simplification of the currency inside sovereign states. However, it is to be stressed that suppressing local issuers did not mean systematically suppressing their coins, and the maintained circulation of old coins from disappeared authorities was frequent. Away from being the direct sign of a distrust of new authorities, their circulation may be seen as the weight of old routines in a context of a need for such means of payments. During the second and third historical periods distinguished above, the disintegration of multinational empires like the Austrian or the Ottoman ones and of colonial empires outside Europe like the English, the French, the Spanish and the Portuguese ones led the new independent countries to implement their sovereignty on a monetary level through the establishment of a proper money.

Aside those pure sovereignty cases, different organisations, including local public authorities or parapublic organisations, banks, companies, small enterprises and many kinds of not-for-profit associations, used to resort to special currency issues in order to fight against a perceived necessity.

Local public authorities, on a sub-state level, had to resort to local currency issues in emergency cases. In a narrow sense, emergency cases take the form of "siege money": war situations in which a besieged town has to issue a substitute to normal currency in order to prevent a collapse of the internal economic system. European history is full of this sort of emergency currencies. More interesting, because they are farer from extreme political disturbance, are emergencies coming from an economic disorder. This one may take two opposite forms: deflation (this was the American case in the beginning of the 1930s and the Argentinean case leading to the country's collapse of 2001-02) and hyperinflation (this was the German case of 1922-23 as well as other countries following the first and the second world war, like Russia, Hungary, etc.). A third form, sometimes autonomous from deflation and hyperinflation, is a direct shortage of money, due to formal or informal withdrawal of metals composing the coin (French case from 1914 to 1924).

Hence, necessities of protecting local economies lead to local currency issues. Related rationales are the idea of revitalizing activity and financing local projects or local public authorities. Anyway, necessity situations lead a series of organisations to implement their own means of payment.

Let us take the very interesting example of the French méreaux, before the advent of Westphalian model (Labrot et Henckes 1989, later quoted by Blanc 1994 and Lietaer 2006). The *méreaux* were pieces of lead or copper that served mainly as receipt of payments, tokens or other non-monetary uses. Some of them were issued by religious chapters. They had an internal circulation and, sometimes, an external one. In principle, their use was only internal. Chapters issued those tokens in order to pay for monks attending prayers. They were also given for charity to the poor. They were then useable inside the community, allowing holders to get food, drinks or clothing. Sometimes, chapters paid for persons offering their services for wine production or building repairs; those tokens were then useable inside the chapter but also, for example, in taverns whose wine came from the chapter. Those limited uses lasted until the French Revolution. An extended external circulation sometimes developed, in situations of currency shortages. Méreaux issued by a canon community could then circulate all around the township like other coins, with a semi-official tender anchored in local habits. This external circulation contravened law but usefully completed the circulation during shortage periods in some places. Moreover, some towns issued themselves such *méreaux* in order to complete a deficient monetary circulation: this was the case in Mâcon, Arras, Béthune, Autun, Metz, etc., with an internal use at first and then sometimes an external one. Although the progressive monetary unification of the kingdom reduced such experiences, some of them occurred late, as Amiens towns' tokens around 1660, Luçon chapter's tokens in 1772, etc.

Another French case is the multiple local currencies of 1914-1924. Species quickly vanished from circulation after the beginning of the war, because of security hoarding behaviours (on species and banknotes) and the sharp rise in the price of metals. This led to multiple emergency issues. Local Chambers of commerce (chambres de commerce) operated an official emergency issue under a ministerial rule of August 1914. Emergency notes and coins from Chambers of commerce lasted until 1924. Around 140 Chambers of commerce issued, on a local level, notes and coins, whose circulation was limited to the issuing area only. Aside those local emergency notes and coins, coins were issued on a national level and without local identification by the Chambers of commerce. Moreover, 13 Savings banks (the popular network of the Caisses d'Epargne) issued local emergency currencies; so did a series of departments, towns and civil associations.

European history shows many local currencies issued from such situations of macroeconomic necessity, by public authorities, firms or banks, or even civil associations. The necessity to overcome the shortage of money may be related with a need for funding, that lead organisations to develop their own issues - although the common reaction to a lack of funding is to limit projects! This was recently the case of a dozen Argentinean provinces, between 2001 and 2003 (although a couple of provinces had issued their first local notes already in the middle of the 1980s).

4. Local currencies issued by banks

The development of banks issuing banknotes, partly (sometimes totally) covered by metallic reserves and repayable in species, led to provide local economies with money according to the needs of borrowers and customers of the banks.

If the first banks issuing banknotes in Europe started centuries ago, the general rise of this practice starts with the seventeenth and more surely the eighteenth century (the main examples being the Bank of Amsterdam, the Bank of Hamburg, the Londonian goldsmiths, the Swedish Palmstruch Bank, the Bank of England, etc.). Banknotes were issued as certificates representing a metallic deposit or as credit instruments. As such, this was an innovative way of creating money. This rose debates on the nature of the banknote (was it credit? was it money?) and on the need to regulate the issues (was it necessary to enforce a complete covering of issues by metallic reserves? was it necessary to centralize issues, to homogenize notes?). A major debate during the beginning of the eighteenth century took place between so-called "currency school" and "banking school", but there was a third player that argued for freedom, the "free banking school". The currency school, supported by David Ricardo, argued for the control over issues of what was thus considered as money and not credit, by covering them (up to 100%) by metallic reserves. This position had to fight against free banking (that took place in Scotland from 1800 to 1845) and against the banking principle according to which banks should be let free to issue banknotes, as the Law of Reflux was enough to enforce each issuer's liquidity. The triumph of the currency principle led to build monetary systems where banknotes issue had to be controlled in a hierarchized system in order to implement the rule of the complete metallic covering of issues. In this system, there where a superior bank that finally got the monopoly over issue. This orientation had an obvious political dimension, because it permitted to finalize monetary unifications into national monetary systems, where a central institution gathered powers of control and issue: the Central bank.

Then, banknotes unification took place by the establishing of a bank of issue to which the issuing monopoly was afforded. However, it was not simple at all. In some countries, this was done very quickly, at the time, the bank of issue was settled: for example, 1814 in the Low Countries and 1816 in Norway. In others, it took decades, and the national bank of issue had to cope with other issuing banks, generally issuing their banknotes on a local level only. Unification was achieved in 1910 only in Switzerland, but began in 1881 with the homogenization of banknotes, yet issued by competing banks. The Banque nationale Suisse was created in 1907 and got the monopoly over banknotes issues in 1910. In Italia, the process was achieved in 1926 with the monopoly to the Banca d'Italia, 63 years after the formal monetary unification of the country and 33 years after its creation (Kindleberger, 1990; Plessis, 2003).

Let us have a look to British, German and French cases.

In the United Kingdom, the Bank of England competed with lower-level banks of issue, mainly on a local level, during the 19th century. In 1844, the Peel Act prevented any new creation of bank of issue, but let the possibility for the 304 existing banks of issue to go on issuing; they were still 166 in 1881. Even if at that time the Bank of England had a "quasi-monopoly", many local banknotes went on circulating. We may stress the point that most of those banknotes circulated in a small area only, whereas Bank of England's banknotes circulated everywhere in the country. This is still the case today, since Scottish and north-Irish banknotes mainly circulate respectively in Scotland and Ulster (even if they can be used everywhere in the country) whereas Bank of England's banknotes circulate everywhere.

Before the political unification of Germany, the attempts to unify the currency never went very far. In 1837, with the Munich Coin Treaty and, one year later, the Dresden Coinage Convention, such a process started with the polarization in two monetary regions, each one organized around a unit of account – the gulden for the north, the thaler for the south – but still containing a great variety of means of payments. In 1857, the trend towards unification was deepened with rules standardizing coinage (although, not unifying it) (Bordo and Jonung, 2003). Coinage was definitively unified in 1871 and 1873, following the political unification, on the basis on the mark, a new and common unit of account replacing all others. Nevertheless, the diversity of banknotes went on, issued by State banks as well as private banks. The Reichsbank was created in 1875 in order to be the national bank of issue. But, at that time, 32 other banks, the *Zettelbanken*, were authorized to go on issuing banknotes locally. Private banks had the choice between going on issuing banknotes valid in their region only, and stopping their issue function in order to be able to develop activities outside their state. State banks issues were controlled. It took decades to achieve the formal monetary unification of 1871. In 1910, 4 banks still had the power to issue banknotes along with the Reichsbank (in Bade, Bavaria, Saxe and Wurtemberg) – it is noticeable, however, that the circulation of their banknotes was very little compared with the Reichsbank's one (Kindleberger, 1990; Helleiner, 2003; Plessis, 2003).

French banknote unification took decades, from one revolution (1789) to another (1848). Unification of coinage was already an old story, but the great change was the creation of the franc as the unit of account (1795) and of coins indicating their nominal value, thus unifying account and payment. The Banque de France, created in 1800, was one of a couple of banks of issue established in Paris, the first one being created in 1796. In 1803, Napoleon gave it the monopoly over banknote issue, but for Paris only. The issuing privilege was rapidly extended to the whole country, but not the monopoly, and, as the Banque de France concentrated his activity in Paris, neglecting other regions of the country, a series of independent banks flourished that developed their own issuing activity. They were created by merchants needing a financial operator able to discount their bills of exchange. They established in a series of departments (territorial units composing the state). Those banknotes of Banques de département generally circulated only in a small area, barely beyond the original department. It was only after the 1848 Revolution that the whole monopoly was given to the Banque de France, and the Banques départementales became simple branch offices of the Banque de France (Jacoud, 1996). Fifteen years later, this monopoly was contested a few years following the integration of Savoie to the country, but the Banque de France managed to recover it.

The banknote case allows some conclusions. At some extent, banknotes issues from local banks may be considered as local currency issues, even if they were processed inside a unified monetary system (as the contemporary United Kingdom's one). It seems clear that local banks of issues provided money to agents needing it through discounting bills of exchange or other sorts of credit, whereas a central bank could not do it. In a banknote system not unified or, at least, not hierarchized under a central bank of issue, local banknote issues could be seen as an efficient way to finance local needs. This was especially the case in France, where local banks of issues were created in order to pass through the lack of branches of office of the Banque de France.

As far as local banknotes were not allowed to circulate in a larger space than their original region, one can say, too, that providing local economies with such currencies stimulated a local circulation. One can say, then, that, even when convertibility was full and at par with national money (which was the French case but not the Scottish one), this system improved the situation of local economies because of a space differentiation of monies.

5. Local currencies aiming to change money

A last kind of local currencies is directly related with the purpose of this Conference, since today's local monetary experiments include a strong political purpose aiming to change the very nature of money. In the past, a series of small experiments occurred in some European countries, that provided lessons for activists — but barely for theoreticians, probably because of their political background. Those experiments occurred in the second and in the third historical period distinguished above, which were periods of rising capitalism provoking a rising worker's poverty, periods of severe macroeconomic depression and a spatial polarization of economic activity and demography, meaning outflows of workers and purchasing power from remote places to large towns. In this context, researches of ways to revitalize the economy and to change the rules of the game flourished that sometimes led to local experiments. One can distinguish two main experiments according to the main theoretical originator: experiments organized by Robert Owen and experiments inspired by Silvio Gesell's ideas.

However, an account of those experiments needs a first clarification given the analytical framework of this paper. First, the analytical framework leads to make relative the concept of "local", because experiments may be organized on the principle of a group of users and not of a given territory; transactions in the specific currency are then "local" in the sense that they develop inside a restricted set of persons. Should this set be anchored in a given territory could be a secondary matter – see today's Michael Linton's Open Money project. Second, the analytical framework leads to make more precise the nature of issuers. In most cases, the issuer is a civil organization aiming at developing insider's transactions. In one case (Wörgl), this was directly a local public authority, since the leading person (Michael Unterguggenberger) tried to implement theoretical ideas in his area of responsibility (he was the mayor of Wörgl). In other cases, like French experiments of 1956-1960, it is not a town that implemented the experiments but a group of citizens who bypassed the town's legal authorities or who tried something completely aside authorities. Third, the main rationale for issuing its own local currency is mainly a transforming rationale, due to theoretical and political backgrounds aiming at a radical transformation of the organisation of society. But the economic and social context meant that this transforming rationale was completed by purposes that were more urgent: protecting local spaces against a general shortage of revenues (Gesellian) or against the submission to an economic system impoverishing workers (Owen), and revitalizing them (Gesellian).

5.1. Owen's experiments

The action and the ideas of Robert Owen (1771-1858) are at the origin of the co-operative movement, which was born in England in the second quarter of the 19th century[1]. Of Welsh origin, Owen quickly became a wealthy manufacturer, acquiring in 1797 the large cotton factory of New Lanark, where he set up an organization intended to improve the working conditions and the human character. Later, it created co-operative communities, including that, in 1824, of New Harmony, in Indiana (United States). His only durable success however, and in a certain way diluted, was the British co-operative movement. By his activism and his ideas, Owen is considered as the founder of English socialism.

Robert Owen denunciated the conditions of the working class and built proposals intended to promote a harmonious society respectful of humankind. He aimed at breaking the contradiction between an extraordinary increase in output and productivity and the massive impoverishment of workers, which led to overproduction crises. One key problem relies in the workers' remunerations. In an equitable society, the whole value of labour should be repaid to workers; this should give conditions to equalize output and consumption. This led Owen to make concrete proposals (Owen, 1821) and to start implementing them on a local level: at first, in Indiana (U.S.) in 1824; then, in England with consumption and production cooperatives; and, finally, in 1832-34, under the form of two "National Equitable Labour Exchanges" set up in London and in Birmingham.

In those two places, a system of "labour notes" was set up as a local currency. Independent workers deposited their products and were paid with labour notes, on the basis of an average estimated time for producing them. These labour notes, not convertible into pound sterling, were useable for purchasing other's deposited goods. The unit of account was the hour (there were notes of 1 hour, 2 hours, etc.), but behind this unit remained the pound sterling, since a strict equivalence was fixed at six pence an hour.

During the first months, the two experiments were successful and the number of workers rose sharply, reaching 840 members. They deposited a great number of goods. However, because of organizational problems, the system failed soon and had to stop in 1834. No similar organization was settled after that. The major problems leading to the failure was the difference between the rhythm of deposits and the rhythm of purchases. There was an average of 40 000 hours of goods deposited every week, but purchases were only nearly one half of it. There were shortages of some goods while others staid

[1] This section is built on the basis of Owen (1963), Denis (1907), Dupuis (1991, 1999). We presented Owen's ideas and monetary experiments in Blanc (1998a).

deposited without being purchased because of their bad quality or their abundance. Such gaps may be explained by two major reasons: first, diversity of goods was too limited, due to the similarities between the independent workers who depositing goods; second, some deposited bad goods in order to get goods saleable outside the system against pound sterling. Workers were able to make comparisons with outside and developed speculative behaviours and arbitrages. The organization itself was then failing.

5. 2. Gesellian experiments

Silvio Gesell, a German merchant expatriated 11 years in Argentina, developed his first economics ideas in relation with the Argentinean crisis of the 1890's[2]. Back to Europe at the end of this decade, he settled in Switzerland and wrote what became his famous *Natural Economic Order* (*Die natürliche Wirtschaftsordnung durch Freiland und Freigeld*, 1916). He claimed to be a Proudhonian socialist, aiming at a non-capitalist market economy. He aimed at freeing money from interest and land from rent, slowing down economic activity and provoking poverty and inequalities. In an economic system cleared of every privilege previously concentrated by landowners and money holders, workers would receive the whole value of their output; competition between people could then develop on a fair basis and economy could flourish. Concerning money, Gesell denunciated both the predominance of the store of value function of money and the destructive role of interest rate. Both lead to give a privilege to money holders against those who hold goods, which leads to slow down monetary circulation and, thus, economic activity. An organization favouring monetary circulation by discouraging the use of money as a store of wealth has to be set up. The key point is an inversion of the interest logic: a holding cost has to be set up, that stimulates the use of money holdings and then economic activity.

If they did not share the basis of his theoretical view on money, at least two major economists recognized that Gesell's practical idea on money was a good one: John Maynard Keynes (1936), identifying in Gesell's idea the good direction towards an acceleration of monetary circulation, and Irving Fisher (1934), admitting the Gesellian way to overcome deflation in the context of the Great depression and proposing it as a global solution to the candidate Roosevelt (Allen, 1977; Barber, 1996). However, the theoretical purpose of *free money* became a simple organization of the acceleration of monetary circulation, i.e. accelerated *money*, losing the other dimensions of Gesell's socialist theory

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[2] This section is built on the basis of Gesell (1916) and Onken (1997), editor of the complete works of Silvio Gesell. I presented Gesell's monetary ideas and later experiments in Blanc (1998b).

Debates on Gesellian ideas occurred in the context of economic disorders in Europe from the beginning of the First World War to the middle of the twenties, and in the context of the depression of the thirties marked by a deflation process. Gesell's ideas were well discussed in Germany, France, Switzerland, Great Britain, Austria or the United States, years before they were partially experimented in the thirties (Onken, 1997). Gesell's proposals were not local ones, but the experiments established on the basis of his ideas always were on a local level.

An engineer and friend of Gesell, Hans Timm, is the founder of the first experiment of stamped money. It occurred in Germany in 1930. It was based on an exchange bank and stamped notes called *wära*[3]. It took place in the little town of Schwanenkirchen, where a coal mining had been closed. The re-opening of the mining was permitted by its financing through the payment of wages in *wära*. Soon the government argued that this system was hurting the issuing privilege of the Central Bank and induced a risk of inflation. The government lost a trial, but banned by decree the use of this sort of money in October 1931 (Delannès, 1938).

Yet, the most important experiment of accelerated money took place in Wörgl, a little town of the Austrian Tyrol, in 1932-33 (von Muralt, 1934; Baudin, 1947; Delannès, 1938; Onken, 1997). It is still considered today as the mother experiment of all further one. Wörgl was an impoverished town of 2,000 inhabitants and counted, with its neighbourhood, 1,500 unemployed persons. The town was in state of bankruptcy. In July 1932, its mayor, Michael Unterguggenberger, set up a system of stamped notes called « labour notes » from 1 to 10 schillings issued by the municipal office. Every month, holders had to buy stamps of 1% of their nominal value in order to maintain it. The issued notes were totally backed on a schilling reserve. The municipal office paid a part of the salaries of the municipal employees and this stamped money circulated in the town and the neighbourhood, people trusting their final reception by the municipal office, which indeed received them in payment of taxes at par with the Austrian schilling. Moreover, it secured the convertibility between the stamped notes and the Austrian schilling, taking a 2% duty.

The currency sharply accelerated[4]. Some paid their taxes in advance to avoid buying stamps. The financial situation of the municipality and the local economy recovered. The municipality hired workers and implemented public works. The principle of savings was safe with a system of deposits in the Office where the depreciation stopped. Finally, in spite of its apparent succeeding in economic recovery[5]

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[3] Wära means *Ware* (commodity) and *Währung* (circulation).

[4] According to Kennedy (1996), the 32 000 schillings issued were exchanged 463 times - generally 21 times with the Austrian schilling.

[5] Beyond the idyllic views of the effects of the system, one can stress that this was a singular experiment;

but above all because of the will of many towns to set up such systems[6], the Austrian government, on a claim of the National Bank of Austria, banned the principle of local stamped money in September 1933 (von Muralt, 1934; Unterguggenberger, 1934).

There were some others experiments – including the United States' ones (see in this conference the presentation of Loren Gatch). In France, some men as Jean Barral, Pierre Mouton and Marino-Bertil Issautier militated in favour of stamped money systems. An experiment occurred two years in Nice in the thirties, but the government, on the claim of the Banque de France, banned it soon. After the Second World War, two little french towns set up stamped money and finally the founders decided to stop before the government banned it: Lignières-en-Berry and Marens (1956-1960). Those three French cases developed on a small scale and with some difficulties. They were organized by groups of local merchants whose political ideas rejected the State as an agent of taxation. Local currencies were issued by an association that served as bank of issue (Onken, 1997; Laacher, 2003).

All those experiments raise questions on the viability of local schemes built in a hostile context. Some key points may be listed here. First, an agreement with institutions of the environment (of course, law on money; tax authority; local governments…) is an absolute necessity in order to be viable. Second, incentives have to be set up in order to stimulate the will of the people to use the local currency rather than the national one. This necessity is as high as local currency is submitted to a voluntary depreciation, like Gesellian experiments, and as local currency is placed aside national currency by preventing conversions between them, like Owen's ones.

6. Conclusion

In order to conclude, we try to stress differences between local currencies in European history and those that have been rising since the 1970s. European history gives evidences that the contemporary dynamics of local currencies is not a new one. However, it shows differences between past and present: the contemporary dynamics appears to be a specific one.

Issuers, rationales and necessities are different. Contemporary experiences of local currencies mainly come from civil associations and are sometimes (but too rarely) related with local banks, whereas past local currencies were much more created by local public authorities and banks in their normal activity. Moreover, today's experiences are

as a singularity, one can stress with Baudin (1947, p. 338) or von Muralt (1934) that the recovery was partly due to the flow of tourists coming in these strange town to see and buy the stamped money.

[6] It seems that 170 Austrian towns (including Innsbrück) envisaged setting up such a system, but they were waiting for the current legal action against Wörgl.

disconnected with the sovereignty motive and often far from a seigniorage or direct financing motive. Moreover, they rely more than never upon a transforming and a revitalizing motive. Past experiences mainly occurred during great economic disorder leading to put first a protecting motive. Overall, the transforming rationale was very rare and limited in the past. European history shows many local currencies issued from situations of macroeconomic necessity, by public authorities, firms or banks, or even civil associations. This is a major difference with today's local currencies spreading in developed countries, where the necessity is less a macroeconomic one and more a matter of human development and social cohesion and protection.

Moreover, there was never a transnational connexion between activists and experiments at today's extent, nor was there a transnational reflection as the one that appears progressively since two decades. This is a direct effect of globalization through cheaper transport and internet. Finally, there was never a serious expertise on local monetary problems, except from the local currencies that were considered "serious" like local banknotes. This is no more the case, since three decades of diverse forms of local currencies led to raise interest of academics and to develop more and more field expertise in this domain.

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