⇆ Alternative Economics Circulation and Exchange Models

Models and instances for trading time, skills, goods, and services.

Pooling builds up a shared pot. Circulation keeps value moving between people: an hour, a favour or a sale becomes something you can spend with someone else. The sections are sorted by how the unit of value comes into being, because that choice shapes most of what a group needs to start. Under each **mechanism** (the ingredient) are its **models** (recipes) and **instances** (places people actually ran them).

● Created by the trade ● Issued, then spent ● Each member's own promise 📖 Model ⚐ Instance

● Created by the trade

Nobody issues the money in advance. Trading creates it.

Mutual credit. When you buy, the seller gets a credit and you get a matching debit, so all the balances add up to zero. You can spend before you've earned.

📖 **LETS (Local Exchange Trading Systems)** Many places	Members trade with each other in a local credit: selling earns it, buying spends it, and a balance can go below zero. It's mainly for individuals trading favours and hours of work.	The unit Set by each group: money or hours
📖 **Commercial trade exchanges** Many places	Businesses sell spare capacity to each other for trade credit instead of cash, and spend it with any other member. The exchange keeps the accounts. One trade association estimates $12–14 billion a year across the barter industry, including corporate barter.	The unit Trade credit
⚐ **WIR Bank** Switzerland, 1934–	Founded by 16 business people in the Depression, when ordinary credit had collapsed. Swiss businesses trade in WIR alongside francs. It began close to mutual credit, became a currency issued by the bank, and is now shrinking.	The unit WIR francs, one to one with the Swiss franc
⚐ **Sardex** Sardinia, 2009–	Businesses in Sardinia sell to each other for a shared credit instead of euros, with brokers who match buyers and sellers. Over €1 billion had moved through it by 2025, though the company has reported losses.	The unit Credits, one to one with the euro

Its cousin, credit clearing. *Instead of creating credit, it cancels loops of debts people already owe each other, so fewer payments are needed. Splitwise's "simplify debts" does this for a group of friends; Cycles does it for businesses.*

Time credits. An hour of help earns an hour of credit, whatever the job, to spend on help from anyone in the network.

📖 **Time banks** 1980s–	Members earn one credit for each hour of help they give and spend it on an hour of help from anyone else. Edgar Cahn is credited with founding them. Practitioners say the hard part is getting people to ask for help.	The unit Hours, with everyone's hour counted the same
⚐ **Unemployed Exchange Association (UXA)** Oakland, California, 1932–	Unemployed people started it in the Depression. Work earned points, kept in the books with no cash and spent at the commissary or with other members. It had 1,500 members within six months, and went on to run a foundry, a sawmill, farms and schools. When federal relief jobs paid cash, members left: "The thing that killed the UXA was the cash flow from the WPA."	The unit Points: 100 for an hour's work
⚐ **Visiting Nurse Service of New York timebank** New York City In New York	Members earn an hour of credit for each hour of help they give and spend it on help from others. It had more than 3,200 members in 2014.	The unit Hours

● Issued, then spent

One issuer puts the units into circulation, and people spend them.

Community currency. People buy a local currency with dollars and spend it at local businesses that accept it, so the spending stays in the area.

⚐ **BerkShares** The Berkshires, Massachusetts, 2006–	You buy 100 BerkShares for $95 at a local bank branch and spend them at full value at more than 400 local businesses. A business that changes them back into dollars takes the 5% loss.	The unit BerkShares, worth a dollar at the till

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The Bristol Pound
Bristol, UK, 2012–2021
A cautionary case

One of the best-known local currencies, and Bristol was the first UK city where people could pay local taxes in one. It struggled to pay its way without grants, reached fewer active users than its profile suggested, and put extra work on the businesses using it. The digital side closed in 2020 and the notes left circulation in 2021.

The unit
Bristol pounds, one to one with sterling

Demurrage currency. Money that loses value the longer you hold it, so people spend it rather than sit on it.

Wörgl
Austria, 1932–33

In the Depression, the town paid for public works in notes that lost 1% of their value each month unless a stamp was bought for them. People spent them fast. New houses, a reservoir, a ski jump and a bridge were built, and employment grew while unemployment stayed high in the rest of Austria. Austria's central bank shut it down in 1933 to protect its monopoly on money.

The unit
Labour certificates in schillings, backed by schillings in a bank

Each member's own promise

Every member issues units, redeemable for their own goods or services.

Commitment pooling. Each member issues vouchers for their own goods or services into a shared pool. Members swap vouchers through the pool, so nobody needs a direct match, and whoever ends up holding one redeems it with its issuer.

Sarafu Network
Kenya

Run by Grassroots Economics, which has worked with Kenyan communities since 2010. Community groups pool vouchers for what members can offer. Its website counts 26,367 users, 188 active commitment pools, 745 active vouchers and 285,197 peer-to-peer exchanges.

The unit
Vouchers, each one member's promise

Personal currency. Each person has their own currency, minted for them over time and accepted by people who trust them.

Circles
Berlin, from Gnosis

Each member's currency is minted for them over time, and they spend it with people who have said they trust them. Version 2 launched in May 2025 with more than 100,000 people on its waitlist, which counts sign-ups rather than active users. Its real-world use is still unproven.

The unit
Each person's own currency, on a blockchain

What about tokens?

A token is a unit that stands for something: a credit, a voucher, a share, a vote. Tokenizing something means issuing tokens that stand for it, usually on a blockchain, so it can be counted, traded or pooled. Tokens aren't another way for value to move; they're a way of running any of the mechanisms above.

- **Sarafu's vouchers** run on a blockchain (Celo), and so does **Circles**. A paper voucher in a basket would work the same way.
- **The cautionary case: tokenized carbon credits.** In 2022, Toucan put existing carbon credits on a blockchain. CarbonPlan found that 99.9% of the credits in its main pool came from projects too old to qualify for the airline industry's offset scheme. Tokenizing doesn't fix the asset.

> **Start with redemption, not measurement.** A token is worth something only when someone has committed to accept it for something real.

Close cousins, for sharing time and skills

- **Barter and swap meets.** A direct swap, with no unit. When each side doesn't want what the other has, mutual credit and commitment pools fill the gap.
- **Skill shares, gift circles and needs-and-offers boards** connect people rather than move value. Mapping what a group needs and offers shows whether there's enough to trade.
- **Rotating work parties** pool time: a crew does one member's big job each round, such as a harvest or a roof, until everyone has had a turn. Mweria in Kenya and barn raisings in the US are two of many.

Start small, and build the culture: Cecosesola

Cecosesola (Barquisimeto, Venezuela, 1967–) is a co-op network, not a currency, here for how it grew. It started with ten local co-ops that, "not wishing to leave death to market forces," joined to run a funeral service together. Today it's about 50 community organisations in seven states, with food fairs that draw about 100,000 people a week. Members hold about 3,000 meetings a year, decide by consensus, and insist "Cecosesola is not a model."

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