LOCAL DEVELOPMENT INITIATIVES IN THE SPATIAL ECONOMY

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Abstract

This chapter is about the concept of local economic development with focus on some Hungarian examples. We know that local economic development should be realized bottom-up, but sometimes the local population and local businesses face various difficulties while they intend to encourage local developments even if they know the strengths and weaknesses of the settlement/region the best. However, this paper attempts to introduce some concrete examples for local economic development from the Hungarian rural micro-regions, especially from the field of local currencies/complementary money. Such cases may serve as samples for other Central-Eastern-European regions where the bottom-up approach also represents a new direction in economic development strategies and the local population is committed to the development of local economy and society.

Keywords: local economic development, internal strengths, micro-regions, local currency

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Introduction

Spatial development measures – from the regional resources point of view – can be planned in two different ways. Either the missing resources are provided from external sources, i.e. investors are attracted to the region, or local investments are supported by huge amount of money. In the latter case, we intend to discover the own resources and utilize them as efficiently as we can or enable the local people to do that. It is obvious that local businesses can be the perfect ones to meet the needs of the local population. The two abovementioned approaches may be combined in the spatial development. Moreover, the most efficient solution in practice is the optimal combination of the two.

Demand-, and supply-oriented strategies

In the spatial development strategy of Hungary, the dependence on external resources is the most common, which might not be the most suitable solution for the regional imbalances. Such strategies are called supply-oriented development strategies. By now, it is proven that lasting and sustainable results cannot be achieved with solely external resources because decisions on external resources and economic factors are mostly made without involving the local community, thus the interest of the local community might not be considered and such decisions may destroy the commitments of local population to the local aims. In many cases, the involvement of external financial sources results in fast and short-term boom and almost immediate decline, afterwards. Furthermore, the external resources usually target the more-developed regions, since the economically and socially handicapped regions do not have the sufficient infrastructure (physical, human etc.) to receive the operational capital. Therefore,
external resources themselves are not the expected solutions to prevent the break-off of such regions.

Considering the abovementioned, internal (local) resources are becoming more and more important, however, their exploitation is sometimes overshadowed. According to the demand-oriented strategy, the local strengths have to be in the focus and they need to be improved further. However, in the bottom-up approach it is sometimes difficult for the local population to list up the local strengths and potentials on which the developments can be built on. In many cases, the local population cannot even see the hidden values and potentials, so the expertise of external professionals is necessary to achieve success. We often forget the fact that if the goods are kept within the region and are given to local players, eventually they serve the best for the whole community. Internal resources my include human resources (labor force, knowledge, ambition and cohesion), as well as natural and economic resources. Such goods are gaining more and more importance nowadays (in the period of gradual urbanization) like clean environment, no stress, healthy food, environment-friendly energy sources, unused local minerals as well as forgotten traditions. Similar resources are e.g. cooperation, close link between local society and the economic players as well as the exchange of goods. All these can be observed in both urban and rural areas – even if to different extent. Local economic development may be an applicable tool in dynamizing economic resources even for such places where general, common economic development tools have not been successful (Czene – Ritz, 2010).

**Spatial sustainability, spatial competitiveness**

However, it is not only the disadvantaged regions where such methods can be applied. In order to achieve real success, a balance should be reached in using internal and external resources. It is aimed in the basic document of the spatial policy of Hungary, so called National Spatial Development Concept (NSDC) as well, which introduced the concept and aim of spatial sustainability to discover, protect and develop the local resources. Therefore, local development strategy, which focuses on internal resources, is favorable not only for the given region but outside of it as well, since it provides stability and development potentials. It also reduces the travel-, transportation- and emission needs that appear out of the region, moderating the environment- and social load.

According to some experts, spatial sustainability and spatial competitiveness are contrast, since the first is about strengthening the autonomy of the region and encouraging the circulation of information, energy, money, products and raw materials within the region as long as possible, while the latter one is usually emphasized rather in Western-Europe. However, the abovementioned contrast seems to be virtual, since the right-interpreted spatial competitiveness means that every region should find their own competitiveness factors. Autonomous local economy – based on internal resources – may play key role in such processes and may be an important competitiveness factor. Local economy in general is located in a settlement or a micro-region, which uses its own resources in a sustainable way, coordinates its activities according to its resources. However, local products and services may be sold on external markets, but the primary aim is to meet the local (internal) demand. In such cases, external market represents the location of the sales of internal surplus (Czene – Ritz, 2010).
Local economic development concept

The local economic development is a complex process and has various tools, so it is not surprising that there is no generally acknowledged concept or definition either in Europe or in the world. “Local economic development is a conscious interference by the local community into the economic processes to achieve sustainable local development” (Lengyel, 2010). Thus, local economic development is more than just the local allocation and distribution of central/state economic development funds. It requires new methods and should define new focuses. One of the basic principles of local economic development is to know the various endowments, conditions and resources as well as economic and social structures of regions. In addition, the integration of economic, social, cultural and nature conservation activities plays much more important and more direct role. The expression “local” reflects the territorial unit of the measures taken. A primary objective for local economic development is to expand employment of local people on a permanent, long-term basis by helping them to create their own small businesses and by creating local markets for locally produced goods and services.

As a supplement or even a contrast of globalization, localization i.e. the evaluation of local conditions and values gets more importance. Due to the intensive involvement of the national economy in the world economy, the effects of globalization directly reach certain regions and settlements which may result in defenselessness in some cases. While focusing on local conditions, we must not forget that each and every settlement and community should survive and act competitively not only isolated local markets but on the global market as well.

It can be observed in rural areas at an increasing extent, while their economic power is being lost resulting in increasing spatial- and rural policy actions. Defining and implementing the economic development directions adjusted to local endowments and resources may gain important role in the creation of the economic basis in such areas. As restructuring the local conditions, encouraging entrepreneurship, cooperation between businesses, strengthening the consciousness of the population, supporting the direct links between farmers and consumers, as well as strengthening community actions can all be realized. Concrete aim is to allow the results of economic activities be used locally either in the form of products, services or jobs or income. It means that local economic development is not simply local, but economic development with local interest. It aims to support the local market through encouraging the local businesses and economic activities to meet the interest of the local community.

Therefore, its aim is not exclusively of economic feature, but definitely of community and social one, meaning that it aims to improve the quality of life of local population and to increase profits by all means. Thus, it can be called as local community economic development referring both to the methodological and theoretical point of views. In an ideal situation, it is carried out based on local initiative, but external expertise cannot be avoided especially at the beginning. It depends on the fact whether the area has ambitious and committed experts who as “engines” can generate the organization and launching of the process and whether the trust capital is available which is crucial for activating the local community.

Cooperation has a significant role in local economic development. One of its features is that in the framework of local economic development, local (economic and social) players cooperate to achieve more active local business activities matching the local conditions and meeting new demands. Joint thinking and actions of the business sphere, municipalities and the local population may enable the community to preserve their own values and potentials based on
special local conditions under ever-changing external and internal circumstances. It is also about their improved adjustability. It is always a proactive adjustability, which protects and maintains the local values, traditions and resources as well as meets the demand of local population and complies with the requirements of environmental, social and economic sustainability (Czene – Ritz, 2010).

Benefits, forms/fields of local economic development

Local economic development has numerous benefits that have spatial development and rural development significance as well:
- generates local business activity;
- has job-preservation and -creation role;
- activate the local community, expands the local cooperation network;
- leads to sustainable use of local resources;
- strengthens local identity and local patriotism;
- improves the population-keeping ability of the settlement as well as its livability;
- renews the urban-rural relations (Czene – Ritz, 2010).

Local economic development can be carried out in several ways and forms. However, most of the actions are related to local products, local businesses but in most cases the initiatives have to be started at changing the way of thinking of the population and encouraging change in their behavior and attitude towards the competitiveness potentials. Usually it is not money issue whether a successful strategy can be realized or not, but the approach of local population to changes, improvements and new actions. Therefore, communication plays a very important role in local developments.

Figure 1. The tools of local economic development

Source: Czene-Ritz, 2010

In underdeveloped rural areas - facing social and economic difficulties - complex rural development activities need to be carried out which exceeds agricultural production and farming. The aim of the developments is to establish sustainable systems which uses the special local resources efficiently and maintains local value, therefore it promotes the complex catching-up of areas lagging behind. So gradual expansion of the functions of such areas and
involving new resources (e.g. tourism, alternative income-generating activities) are inevitable. Moreover, in many cases total shift in functions is necessary (e.g. establishing housing and touristic functions). In addition to the new functions, the renewal of traditional agricultural and food industry functions may provide perspectives in such regions (e.g. processing industry on local products).

One of the fundamental principles of economic and social catching-up is that the rural areas should be able to keep their population, especially the qualified people. Appropriate life- and working conditions are key factors as well as the infrastructural conditions and advanced access to public services.

**Major challenges of different rural areas**

It is important, however, that developments should be based on local identity, traditions, local values and last but not least on extended cooperation and partnership. Despite of the fact that there are several rural areas in Hungary that are lagging behind with similar economic and social indicators, the way how they got to the same underdeveloped situation is not the same. Therefore, researchers and experts need to focus on researches to find out the reasons for the recession of such rural areas. It is the only solution to find the appropriate development measures and actions. Despite of the common goals and principles, rural areas are not homogenous at all. Conditions are area-specific, so solutions have to be adjusted to the specifications.

For instance, in tiny settlements, the most serious threat is becoming uninhabited, which might cause the disappearance of institutions, businesses and public services; the natural and built landscape is demolished, the traditional land use (animal husbandry, horticulture, vineyards and orchards) loses scope. Problems addressed in such areas e.g. ageing population, unemployment, social and ethnic isolation. Thus the most important tasks of rural development are to improve accessibility, to promote remote-working and distance-education, to provide appropriate healthcare and education services. In addition, to promote traditional small-scale industry and handcrafting, small-scale ecological farming and processing as well as to develop the tourism-related infrastructure and services so that complex touristic packages could be offered.

Farmhouses on the Great Plain of Hungary have lost their functions related to traditional agricultural farming. The buildings are ruined, the infrastructure is underdeveloped and most of them face severe economic and social difficulties (subsistence difficulties, low standard of living, segregation and crime etc.). Their renewal can only be realized through establishing new functions for them (modern farming, holiday and housing functions, catering, tourism), while preserving the values which are represented by them (heritage, conventional farming, close to nature feature etc.).

Regions habited by mainly minorities should build on the common culture and strong community, allowing spatial- and settlement-development which is based on traditions and special endowments. In order to keep the population, the national and cultural identity and the spatial coherence have to be strengthened. In addition, the development of social life and the culture related to their mother tongue is inevitable.

The renewal of such areas should be based on minority traditions, individual cultural values in developing the demand for alternative heritage tourism.
In areas with high share of Roma population, segregation, the low level of qualification, the high unemployment rate, the health conditions of the population are the most serious problems. In the abovementioned settlements, complex development strategies are needed that deal with the challenges of employment. The self-organization of community, the preservation of culture, the Roma inclusion and the integration of Roma and non-Roma population should be addressed.

Areas with rich natural landscape and cultural values, represent increasingly important role due to the increasing demand for healthy living environment, recreation, keeping the traditions as well as demand for handcrafts, artworks with special local characters. In such settlements, the most important task seems to be to protect the values and avoid further damage (caused by industry, agriculture, urbanization, transport as well as intensive tourism sector).

Based on the abovementioned, we can see that there are no samples, single schemes which are suitable for addressing the various challenges experienced in the regions. Every time a local development strategy is prepared, the special local conditions need to be discovered and mapped that can serve as a good basis for strategy-making.

Legal background of the development of rural areas

The Act on Regional Development and Regional Planning in Hungary was passed in 1996. The goal of this law was to ensure that Hungarian regional policy is compatible with the EU system of goals and instrument for development. The law itself is quite general, and the details are being ironed out in practice and through implementing regulations. Hungary’s territorial breakdown by statistical micro-regions for regional development, consisting of 174 units, was disclosed in the Annex of Act CVII of 2004 on multi-purpose micro-regional association of municipalities, as amended in 2007.

Map 1: Statistic micro-regions in Hungary
Source: National Central Statistical Office, 2014

Based on Act CVII of 2004 the micro-regional territorial breakdown was revised between 1st October 2006 and 30th March 2007, as a result of which 174 statistical micro-regions for regional development were established on the initiative of municipalities and the number of micro-regions increased to 175.
Regarding the incentives for IMC we can separate two periods: the period before 2010 and the period after the approval of the new Constitution and the new act on local governments. In the name of regionalization, an extremely dense organizational network was created both at subnational and micro-regional level. The aim was to enhance cooperation among different sectors and levels. For want of anything better, para-state institutions were made for the tasks of regional development, so-called development councils operated at four levels, i.e. national, regional, county and micro-regional level. One lesson to be learned was that the para-state development councils operating with the dominance of actors of public administration proved to be unsuitable for reaching the integration of the fragmented local and territorial actors. On the other hand, the cooperation willingness and ability was high among the public elite. After 12 years of strong state regional policy it was recognized that the vertical branch of multi-level governance did not work, despite the fact that local governments cooperated in a large number of cooperation organs (Józsa-Nagy, 2014).

The institutional structure of regional development has been often criticized, nevertheless, despite all its malfunctions, it had some positive features for the local governments. In the system with broad responsibilities, emphasizing the unquestionable primacy of the local level, the cooperation willingness of municipalities striving for sovereignty was rather weak. The spatial development councils operating at different levels inspired their member municipalities for cooperation and the articulation of their interests. The special scale of this interest articulation was the so-called statistical micro-regions (LAU1 level). LAU1 level was the spatial unit of integration as statistical micro-regions and the formulation of the multi-purpose micro-regional associations (MMA) responsible for the implementation of public services by the municipalities was managed on LAU 1 level too. Both the statistical micro-regions and the multi-purpose micro-regional associations formalized the cooperation of municipalities (in fact they consisted of the same municipalities). After a long time, a positive integration of municipal and spatial development organizations was brought about and the overlapping between the members of the two micro-regional councils remedied the problem of unnecessary organizational parallels (Józsa-Nagy, 2014).

Within a few years, MMAs covered the whole territory of Hungary and within their frameworks municipalities provided the majority of basic health, social, public education, children and family protection, educational and public collection (library) services. Seemingly it was the ideal state of cooperation among the municipalities: all municipalities were forced to cooperate as they were only eligible for central budgetary supports if they provided services jointly (Pfeil, 2014).

As regards the horizontal cooperation institutions of the local governments, they still follow bureaucratic governance methods and they do not need relationships to either the economic sector or the civil and other non-governmental organizations. In fact, in the organization of the public services the state gave municipalities less and less freedom every year (Pálné Kovács, 2009).

Regarding the mezzo-level, counties had broad competences before the changes in 2012, namely in the field of social, public education, public collection, youth protection, sport and public services with considerable financial sources allocated. It is also worth to mention that in public administration legal regulations only allowed local governments to participate in the associations formalizing the cooperation of municipalities.
The legislator has still not allowed the establishment of associations governed by public law for the cooperation of municipalities and county self-governments. The connection between the county and the municipalities was also missing in the form of the inter-communal associations. Before 2004, in the cooperation of actors at micro-regional and local level, the vertical relations were stronger than the horizontal ones.

**Municipalities in Hungary**

The Hungarian municipalities are relatively small, and they have a wide responsibility. In Europe there are two types of local government systems: the Northern European type with large local governments, but with wide range of responsibilities, and the South European-type with small local governments with narrow responsibilities. The local government system in Hungary is considered to be very fragmented, which causes a huge cost on the economy. Hungary established a system where local governments are no longer agents of the central governments. Hungarian local governments are not agents of the central politics, but the politics has always tried to intervene into the local issues. The centralist tendencies exist in government based on the view that "local governments have more freedom than is necessary". In the intergovernmental fiscal system, the grant allocation based on discretionary decisions gives room for political interventions (Józsa-Nagy, 2014).

Therefore, we need to see that municipalities, which are the motivators of local economic development in most cases, are not in an easy situation. Due to limited financial resources and several obligatory and optional tasks, especially in tiny settlements, municipalities might not be the most efficient activators of development. However, successful initiatives are usually generated by local farmers and small-scale businesses. One example for such good initiatives might be the introduction of local complementary currency.

**Local complementary currencies**

Money was created to fulfil two basic functions. On the one hand, it is a measure of value, therefore it aims to be able to express in a universal system the price of goods; on the other hand it is an efficient commerce tool – while in the case of barter we can only do business with partners who possess the goods or services which we need. But by using money as an intermediate tool, the trade system becomes more flexible, and also, the movement of money and goods can be separated in time. Beside these roles, money can give the opportunity to accumulate and to speculate (VÁTI, 2010).

The creation of local money was primarily motivated by the fact that the global financial system is greatly uncertain, furthermore, that it does not support the local economies. But the operation structure of local money possesses those special characteristics which support the improvement of the local economies. Local money is an alternative currency which is used in a region limited by borders (it may be a settlement, a micro-region or a region), and which helps the spontaneous or artificial development of the local economy. It can usually be found in the form of printed banknotes, but some of them exist in an electronic form. Compared to most of the currencies it is different in some ways; for example, this kind of money is operated voluntarily (it is not obligatory to accept it, and the service providers can join freely to this system). And of course, as its name implies, it stays in local economy and vitalizes it. Its issuers can be self-governments, non-governmental organizations, civilians or a group of enterprises (Tóth, 2011).
Unlike official currencies which typically flows from less-developed to well-developed areas, local money creates that missing tool of commerce which can be spent at the local small- and medium sized enterprises and farmers by its local users, supporting their profitable operation and survival and local jobs. In the same time an opportunity is created for the improvement of the local economy by strengthening the cooperation between local enterprises (Jancsó, 2013).

One of the unique features of the local currency system is that it functions as a demurrage system. Holders of the papers issued within the currency system must face the depreciation of the currency, mainly determined by demurrage (Kennedy – Lietaer, 2004; Lietaer, 1999). The demurrage of currencies usually depends on the given currency. There are local currencies that have no demurrage (such as the Swiss WIR), therefore its holders can buy products or services at the same nominal value at any given time. The demurrage of the given instrument is in most cases determined on an annual basis, but quite frequently on a monthly basis as well (Lietaer, 1999). Loss in value is an essential characteristic of local complementary currencies, as this serves as the engine of economic blood circulation; demurrage prefers consumption over savings.

Another unique characteristic of the local currency system is that local currency always remains in the local economy; there is no capital export, therefore a significant part of the local economy’s wealth remains protected. Goods procured from or exported to another domestic region or abroad cannot be offset with local currency as economic players outside the region do not accept it. Part of produced revenue, therefore, stays in the region, as opposed to being withdrawn through various financial transactions (Kennedy – Lietaer, 2004; Ziegler, 2009). Main features of local complementary currencies are linked to regional economy. The use of the currency outside the region is not possible or is limited according to determined principles.

Complements the national legal tender and is a secondary currency, which enterprises are not obligated to accept. Its use is not automatic and obligatory among local economic players or entities. A local currency is a type of currency that is used instead of other forms of payment, and is also in competition with them (with cash, deposit money, credit card, etc.).

The value of local currencies is fixed by a relevant statute. Usually one unit of a local currency equals a similar unit of the national currency, meaning that the exchange rate of the local currency is 1:1. Exchange rate may be modified in inflationary environments. Subsidiarity is a key basic principle of the system. The local currency system contributes to improving the social environment of people living in the agglomeration or greater catchment area of the settlement or town, and the increase of the social capital – primarily trust – of the community (Töth, 2011).

Since the middle of 2008 the financial crisis – with all its antecedents and consequences – has undeniably had a great impact on our economy and economic activity. For many of us it is just now becoming clear how complex and opaque the world’s financial systems are. Due to the crisis, the role and significance of money is once again a topic of increased interest, as the goal of each and every economic entity is to mitigate the consequences of the recession.

Since the beginning of the 21st century, turbulent globalization processes have necessitated the creation of well-thought out and diversified regional strategies. In such an environment, an appropriate strategy could be reliance on a local currency system, which might significantly contribute to minimizing unfavorable effects. The question arises whether Hungary can be pulled out of the trap of the financial crisis by applying the local currency method.
Increasingly often we hear about the budding initiative of the Soprón Kékfrank. Local economic players have high hopes regarding the project meant as a regional economic stimulator, though there are many who have voiced concerns. In the current economic situation, each initiative can be considered a forced path, but the introduction of a local currency can also mean the way out of the crisis for certain communities. However, the frequently mentioned economic stimulation actually stands for more than just the above; it is about the organization of the subsistence market and the possibility of becoming self-sustaining.

Observing the operation of local money in practice, it can be said that since it does not have positive interest, it is not worthwhile to accumulate. Therefore its turning rate is faster than of the official currency, which helps the revitalization of the local economy. Nonetheless, there are some difficulties related to local money as well. The primary problem is that even in the case of the most successful international models only a few people know about those currencies. It is indeed a problem to be taken into consideration, because this tool of economic development can only be successful if it is accepted at as many places as possible, and the variety of services and goods provided by the enterprises is as wide as possible, so the needs of the consumers can be satisfied. One of the main reasons behind people not knowing about this currency is the lack of trust. This obstacle is further strengthened by its difficult way of use (Tóth, 2011).

The first civilian users of the local money use it deliberately. These are the people who are willing to put other criteria before the price of the goods and services. It makes a lot of sense, because the locally produced good quality products may cost more – even considering their benefits – than the goods available in supermarkets, but in time, after the forming of a usual and permanent circle of consumers, prices can consolidate. Thus, on the long run it will become worthwhile for the consumers, even considering their prices. The source of awareness usually lies in environment-awareness or provincialism (Jancsó, 2013). Providing employee benefits and cafeteria in the form of local currencies would give the best opportunity for the expansion of this economic development method.

**Hungarian examples for local complementary currencies**

**Kékfrank**

The city of Sopron (Hungary) and its surrounding area has decided to boost its economy with the help of “Kékfrank”, a local currency. The HA-MI-ÖSSZEFÖGUNK (IF-WE-UNITE) European cooperative society from Sopron was the first cooperative society that set out to stimulate the region as well as the region across the border through a local voucher system in 2009. This means that economic players have joined the initiative from across the Austrian border as well. The HA-MI cooperative society aims to help enterprises from the Sopron region by introducing a local currency, and therefore have created a fully secured medium of exchange that strengthens trust. According to the concept, the liquidity of enterprises and the satisfaction of needs and demands could all improve, capacities could be utilized at a higher level, and as a result more services and products can be exchanged (HA-MI, 2009a)

The organization was established with a 100 members, who needed to buy a share for 100 Euros. The establishers and joining participants pledge to accept and use the voucher in their enterprises. In Hungary you need to have the 100% of the released currency backed up by official currency. The organization invested the counter value of the “Kékfrank”. The “Kékfrank” works in the traditional paper form and electronically as well. If the new currency...
could exchange just 15-20% of the official currency, it would mean billions of forints worth of boost for Sopron’s economy.

From a legal standpoint, the Kékfrank is issued by the HA-MI cooperative, and members can purchase the vouchers in the savings cooperative designated by the issuing cooperative, which holds and pays interest on the Hungarian forint counter value of the Kékfrank amount. Interest revenues are divided among the cooperative and the members. The Kékfrank shall be launched both as a paper-based and an electronic currency.

As the Kékfrank itself does not bear interest, it is in no one’s interest to accumulate it, and as a result it can circulate faster than national currency and could boost the local economy if users conduct exchanges among each other using the Kékfrank. If residents around the Sopron region can conduct their purchases with the Kékfrank, they will increase the turnover of enterprises in the region that are also cooperative society members, as they are also acceptors of the complementary currency (HA-MI, 2009a). As another option, the currency can also be used to provide bonuses to personnel and employees. In this case, the private person does not have to be a cooperative society member, as the person in question is a user, and not an acceptor of the complementary currency. All supporters share in the moral success of the cooperative society, however, only members, members of the acceptor system and users of the Kékfrank share in the profits (HA-MI, 2009b). The Kékfrank voucher is therefore a complementary currency that is used as a medium of exchange in addition to the Hungarian Forint, and that operates in accordance with Hungarian laws (HA-MI, 2009b).

**Suskások**

It’s a swapping club, operating in Hungary, A club, where products and/or services can be exchanged. The foundation of the exchange is TRUST. The members trust in themselves and they trust each other. The purpose of the Suska Club is to use a special currency that circulates amongst its members, thus it raises creativity and encourages cultivating new abilities and talents. They acknowledge one’s ability to create value for the community and for the individuals as well. The club stimulates doing activities and creating goods / services that gives pleasure to the individuals and thus to the others. It creates abundance within the local community, however, it enables the members to exchange things with other fellowships as well. It supports the booming of the local production and encourages creating fruitful personal relationships.

Suska is a tool for exchange. Suska is an inflation- and interest-free currency. It’s a swapping instrument: one-hour long work equals 60 suska, but the participants of the exchange may agree on other price as well. The deal on exchange is always based upon the two participants’ free will. Using the suska is an excellent tool to enhance your consciousness, to undertake your personal responsibility, and to unfold your creative abilities. Members themselves are the source of the suska. If they need it, they create it, and its backing is their work itself. There is no central accounting and there is no central settlement (http://www.suska.info/?#).

The community does not accept any support from external partners because they believe that external money is equal to external intention. The members are motivated by the passion for change and their belief saying that exchange based on trust creates wealth within the community. The aim of the group is to use a currency which stimulates creativity and encourage people to develop new competences. You can become a member if you create valuable products and services. The amount of suska available always depends on the necessary amount for transactions, thus the concept of interest (gaining money without work) loses its meaning. Suska
is not a printed “money toy”, rather a book where you record your purchases and sales. Prices are set by the sellers, the customers can decide whether they want the products/services or not. This may provide opportunity for bargaining between members.

Lendítsekk

This is an initiative which is introduced in Gödöllő, in the city of our university (approx. 25 kms from the capital, Budapest). After successful examples, in my opinion, such example also need to be mentioned where - despite of the good idea regarding local development - the program has not brought the expected results.

LENDÍTSEKK program was launched in Gödöllő, in March 2011. The idea behind was that everyone who joins the program can benefit either as a customer or as a seller/retailer. Customers may get discounts, while retailers, shopkeepers may get new customers and it provides income for the settlement due to the increase in turnover. The program is run in an easy way, since those who buy the book of vouchers, can get 10% discount from the sum if it exceeds 5,000 HUF.

The initiators expected from the program to stimulate the economy of the city and its agglomeration and strengthen the link between the urban population, establishing local patriotism, to expand the potentials of buyers and traders. The owners of the book of vouchers may decide when and where they wish to use the possibility of reduced prices before the expiry date of the coupons. There is no maximum amount of purchase as using the voucher, however, it does not substitute official currency! Vouchers cannot be used while buying products at discount prices or on sale. The constant discount possibility may encourage faster transactions in the economy, more customers in the shops. There are more than 100 shops and businesses where you can use your voucher. Actual list of shops and coupons are regularly released in the Lendítsekk magazine printed in more than 12,500 copies.

It cannot be used for paying, it can only be used to realize the discount prices. You need to pay for the products purchased with cash. However, you can use it as many times a day as you wish. When using the coupons, the customer has to sign the coupon and give it to the retailer who signs it and stamps it, which proves that it is used in a proper way.

Products which cannot be purchased at discounted prices with the coupons (mainly national and exported products):

- motorway tickets,
- cigarettes, cigars,
- medicine,
- public transport tickets,
- cell phone cards,
- newspapers except if the shopkeeper agrees so.

Unfortunately, the Lendítsekk program has not achieved success in our city. In my opinion, it is because it was not generated by the local farmers and retailers, but an organization. The third party wished to “force” customers and businessmen to use this kind of coupon instead of using simply their money or credit cards. There are several elements in the system which make the purchase more difficult and complicated (which is not a motivating factor). In addition, the marketing and communication of the program was not adequate, since most of the local people, living in the city, did not have any information about this initiative. The communication could have been more visual and definite, more targeted. So this concrete program proves that even
if the idea seems to be mutually beneficiary for buyers and sellers in the local economy, it is far not enough. Such ideas need to be integrated in a complex strategy serving the real demand and based on the real local conditions.

Conclusions

One of the most effective means of ensuring long-term competitiveness and decelerating the outflow of local resources is to introduce and use a local currency. This phenomenon is quite new in Hungary and its legal background is inadequately developed, but several European experiences show that with adequate preparedness, and the active participation of the population and economic organizations it can offer a real alternative for local developments. The latest initiative was launched in the world-famous Tokaj region in last autumn to boost the local economy.

References