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Paper presented at the Conference:
The power of facts: complementary currencies in Argentina

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1. WHY IS ARGENTINA IMPORTANT ?

Though complementary currencies systems (CCS) may be tracked from Michael Linton's pioneer's LET'S initiatives in Canada, in 1982, the latest years have seen many other systems being implemented in different cultural, social and political contexts.

It is not the purpose of this paper to deal with all the variety they may represent ⁽¹⁾, but we should, at least, mention LET'S expansion to New Zealand and Europe, its transformation within North America, with Paul Glover's Ithaca hours' and many similar ones that followed within the USA, and their varied diversified editions in the United Kingdom, Belgium, Holland, Denmark, Finland, France, German and Spain.

A decade later, Japan launched a few different systems, mainly isolated groups focused on elderly care or specific purposes. In Latin America, since the 90's, Mexico, Ecuador and Perou also developed their own systems, but there is no doubt it was the Argentinean case the one who attracted the attention of journalists, researchers and practitioners from all over the world.

One explanation of this ongoing interest was certainly its development around 2000, before the economical crisis of December 2001: the number of participants was then estimated by several institutions on the basis of several surveys over six million people, which represents far more than any other example, if we consider this figure as being equivalent to over 35% of the active economic population and almost 20% of the whole population.

Our studies estimates in at least one hundred journalists, researchers and advanced students who came from many countries to study the phenomenon during its exponential growth phase. Unfortunately, the same interest was only very late present among researchers in Argentina and a few serious studies were undertaken to support the initiative in real time and not merely use them for bureaucratic academic purposes.

On the other hand, as if most of this population were only bad journalists, mainly interested in "spectacular, curious pictures", the same interest was not kept after the crisis of the system, which occurred some months after the political crisis of December 2001. When the economical situation led

¹ Different websites can be visited to this purposes: <http://money.socioeco.org> tom greco's one; www.appropriate-economy.net;

the Finance Minister to resign, the country had five different Presidents, in the two following weeks which tells about the complex nature of the crisis.

By that time, the author of these reflections was personally asked by Professor Richard Douthwaite,² to co-write an article about two raising currencies in the beginning of 2002: the Euro and the "Argentino", its similarities and perspectives. Unfortunately, the "Argentino" had a very short life, since its birth followed the declaration of default made by one of the five Presidents, had more support of raging people on the streets than from his political colleagues (and the IMF) who decided to replace him immediately, after a week of being chosen by the Congressmen...

So, differently from B. Lietaer's approach, who inspires himself in examples of XIX century (???) in Ghana, current social practices of Banjar in Bali and understands Japan's Fureai Kippu as an important model to observe regarding the future of complementary currencies, we consider the Argentinean case still a unique case to be studied, looking new answers to questions such as:

** how was it possible to diffuse so largely an experience of consistently replacing missing money by so many different "papers" all over the country?*

** why was this "new market" so vulnerable, still in cases the networks were pretty isolated from the "central bank" failure and could not keep their status unaltered?*

A second approach deals with the current significance of CCS to rich and poor countries, even if know there are poor countries inside most rich countries, and vice-versa. It is mainly a problem of figures but that carries a problem of ideology, fashion and acceptance of new practices. This is an extra reason to consider the Argentinean case as a special one, since CCS started within impoverishing medium-class and moved to poor class just on the late stages.

If money deals essentially with political sovereignty, its meaning is quite different in rich and poor countries because in these last ones "creating" its own money can be viewed as a hard political manifestation for survival, while in rich countries it can mainly represent an occasional complement of the structural lack of liquidity in the system. From North hemisphere, it is not easy to cope with the meaning of CCS in a poor country, in which it may provide up to 80% of the family income... when in most cases, it is more viewed as a rebel act to compensate some local unbalance, than a deep need or survival means.

So, even if the number of participants decreased dramatically after the 2001 crisis, the phenomenon is far from being understood in its complexity. No rapid answer to many open questions could be serious and would help us develop further initiatives, both in rich and poor countries.

What we intend here is to provide some knowledge about most issues that remain concealed to most observers, so that a deeper understanding of barter networks in Argentina may help us design better systems in the future. If we do not achieve such an ambitious goal, we expect to honor a more rigorous approach to a complex phenomenon whose logics should include, at least, a cultural, social, political and - last but not least - economical dimension in its construction.

We strongly believe that a deeper comprehension of this phenomenon may help us to understand and forecast not only the future of CCS, but far beyond possible futures for our societies.

2. WHERE DO WE SPEAK FROM?

Our reflections are based in works performed from a double deck: within small NGOs in Latin America, mainly those associated to local governments open to include new social actors in public management, and in teaching in a Public Administration Master Degree at the University of Buenos

² Richard Douthwaite is an acclaimed scholar, economist, activist and the author of "The Growth Illusion: how economic growth enriched the few, impoverished the many and endangered the planet", "The Ecology of Money" and "Short Circuit: strengthening local economies for security in an unstable world".

Aires³, as well in other academic units in Argentina, Brazil, Paraguay, Chile, Bolivia, Ecuador, Peru, Colombia, Honduras, El Salvador and Costa Rica.

As part of a group of researchers and consultants dealing with alleviation of poverty in this region, we have been involved with community currencies in Latin America since 1997, but were engaged in this search of new models since 1986. It was then part of introducing a new paradigm in Planning and Management of Social Policies, in countries highly affected by Structural Adjustment Programs (SAP) imposed by IMF and World Bank in the last two decades: in order to pay external debt, countries were forced to cut their budgets in the social area, to hold privatization of most public services and pension funds, to operate a deep decentralization of health and educational systems, opening the economy to highly competitive globalized markets, etc.

This new paradigm dealt mainly with a new approach of responsibilities of social actors, including the State, the corporations and civil society. It is necessary to remind that the region had gone through two decades of military governments that failed in taming the economy to the point contemporary ultraliberalism required. Carter's human rights policies started a process of moving back to ("light") democracies, in which elections were promoted and a higher participation of civil society was considered as mostly necessary.

Different initiatives of civil society participation can testify these new airs in Chile (poor communities organization during military government, 1973-89), Brazil (Citizens'Action against hunger, 1992 -97) and Argentina ("barter clubs with social money", 1995-2002) in the field of popular economy and political organization. In the next items we'll try to move in the direction of characterizing the rise and fall of CCS systems inside the so called "barter networks" in Argentina.

3. SOME FACTS AND SOME INTERPRETATIONS

In order to launch our discussion, we can state the following facts:

- * In May 1995, a first "barter club" (Club del Trueque) was launched in Bernal, south of Buenos Aires, with a group of 23 people joined by an ecological initiative; in the following months, a few other units were launched, independently ruled from each other.
- * In May 2002, the country lives in a chaotic situation provoked by a political crisis (5 Presidents in two weeks) and a 300% devaluation of national currency; CCS groups are then estimated as far as 6,000,000 people, and a centralized management has been launched since the last two years.
- * In May 2004, only a few "barter networks" using CCS remain active and some unofficial estimations refer to 100,000 people, in highly decentralized systems.

Between the most current interpretations among people interested in CCS we may consider :

1. *Is this a «failure» to be disregarded since the evolution of the process was interrupted ? or rather*
2. *Is there a great lesson to be learned, in which both remarkable and concealed aspects are important to understand the phenomenon ?*

4. EVOLUTION OF DIFFERENT SYSTEMS INSIDE ONE APPARENT NETWORK.

If we choose the second interpretation, a closer approach is necessary to get in contact with different steps in the evolution of CCS or "barter networks" in Argentina:

- * In 1995, a first "barter club" (Club del Trueque) is launched by a group of 23 people; in the following months, a few other units were launched, independently ruled from each other.

1995 = 1st « barter club » : 23 p, self Org

³ The author is responsible for a Research and Development Program on "Complementary currencies and social economy in Argentina: the case of barter networks" supported by the School of Economics, University of Buenos Aires.

1997 = +local government : 30,000 p
1998 =diffusion in Latin America: 100,000p
2000 =10,000clubs, 20networks+national government : 200,000 p
2002 = CHAOS+ «market » effect : 6, 000,000p
2004 = self-organization: 200,000 p ?

The argentinian "miracle" of RGT , some indicators:

- * many small groups
- * a few huge groups
- * One CENTRAL BANK
- * a great deal of activism
- * few loyal «managers »
- * MAGIC MASS MEDIA

From outside the NGO world, we could add another interpretation that could nevertheless change our comprehension of this evolution

Evolution of different currencies systems: state money inspires citizen's money ?

- * 1986 - 2003: state money faces lack of national money with CC (against IMF/WB policies on external debt)
- * 1995 - 2000: citizen's money slowly promotes a 6million people non monetary market, liberating an extra GDP = US\$3,000,000
- * 2001: financial / political CRISIS in the country
- * 2002: explosion of barter networks is delayed
- * 2004 : slow institutional recovery of the country and social movements; new initiatives combine different approaches; COLIBRI; world impact of CC

« GLOBAL » BARTER NETWORK
or
« SOLIDARITY » BARTER NETWORKS

- * many small + few huge groups focused on individuals; concentration of wealth :
« CORPORATION MODEL »
- * many small + many medium groups focused on collective welfare; social investment :
« SOLIDARITY BASED MODEL »

5. STRUCTURAL OBSTACLES TO SUSTAINABILITY

Some obstacles to build sustainable agreements bla bla bla + a consequence:(an explanation of roots Bernard + an explanation of possible tools Margrit!)

- COGNITIVE BLINDNESS
- EPISTEMOLOGICAL INERTIA
- IRRESPONSABILITY IN CREATING NEW, PROPER CONCEPTS

so we ACT as if ...

* "I CANNOT SEE WHAT I CANNOT SEE AND OTHERS DO..."

** BEING LAZY, RESISTING TO CHANGE / "I'M OK"

*** REFLECTION AND THEORY ARE THE TASK OF

SCIENTISTS AND PHILOSOPHERS AND WERE ALREADY DONE...

6. THE DISCOVERY OF ABUNDANCE PARADIGM: AN EXPLANATION OF ROOTS (B. LIETAER) AND AN EXPLANATION OF POSSIBLE TOOLS TO TRANSFORM REALITY (M.JENNEDY)

7. AND NOW, WHAT? A NEW DAVID AND GOLIATH RIDE....

After the CRISIS, we learned the answer was there...

David finds a new Goliath...

* External Debt payment

** Pension Funds

*** Fiscal Havens

* Microfinance

** Participatory Budget

*** Local currencies

8. HOW TO TAKE ADVANTAGE OF SUCCESSES AND FAILURES? THE BIRTH OF COLIBRI PROJECT.

After the CRISIS, we learned the answer was there: COLIBRI Project has four different moments

I – REACTIVATION OF LOCAL RESOURCES:

rescue failed projects /create new ones

U T O P I A

II – ALTERNATIVE FINANCING SYSTEMS: microcredits, revolving funds

III – NON MONETARY EXCHANGE SYSTEMS:

local currencies, social money, time banking, « barter »

IV – NEW PUBLIC MANAGEMENT with civil society :

participatory budget+ joint management of public spaces + ...

9. VALUES OR KEY-IDEAS? THREE MAIN KEY-IDEAS BASED ON VALUES COLIBRI Project

• *Power is a permanent, unavoidable, necessary and fertile game.*

•• *The Universe is abundant.*

••• *I am responsible for the WHOLE, not only for MY part...*

10. SUSTAINABILITY: STRATEGIES OR TOOLS?

If **STRATEGIES** need **PROJECTS** to live, then

SOCIAL CHANGE need **TOOLS**

to transform beliefs that live in everyday practices...

11. CHANGING PARADIGM ON TOOLS AND LANGUAGE.

Scarcity	paradigm	ABUNDANCE
conflicts		DIFFERENCE

guilt (explanations)	MY responsibility (what did I do? Will do?)
«I know how »	«I LOOK FOR RESULTS»
problems	PROJECTS

12. SOME UNEXPECTED GIFTS: THE RISING SUN THEOREMS.

Some unexpected gifts from our PROGRAM ON ECONOMIC ILLITERACY
delivered in Bjo Flores, Buenos Aires, September 2001

The Rising Sun theorems

- * Poverty is only a great misunderstanding...
- ** Solidarity is always the best business
- *** Prosperity is where we may start on, not what we aim at !

Are we in front of a new liberating equation ?

Market= rm + kn + P + C + \$

now turns to

Market= rm + kn + P + C + i

Rm= raw materials Kn=knowledge \$
P=producers C=Consumers i = information

13. AN OLD HYPOTHESIS AND A NEW CHALLENGE: SIMMEL AND SCHUMACHER

Georg Simmel, German author of a most relevant study on the philosophy of money, said once:

The debate about the future of money is not about inflation or deflation, fixed or flexible exchange rates, gold backed or paper bills; it is simply about the kind of society in which we want this money to operate.” (1906)

E.F. Schumacher in his last book «A guide for the perplexed » challenged us with this proposal: «Can we rely on it that a «turning around» will be accomplished by enough people quickly enough to save the modern world? This question is often asked, but no matter the answer is, it will mislead. The answer YES would lead to complacency, the answer NO to despair. The art of living is always to make a good thing out of a bad thing. It is desirable to leave these perplexities behind us and get down to work. » (1977)

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