

Complementary Currencies Systems, barter clubs and democracy. Lessons from Argentina and Brazil. Heloisa Primavera, M.Sc. (¹)

Abstract: Complementary Currencies Systems (CCS) have been active worldwide in the last three decades. A brief history of the phenomenon is referred below. Argentinean barter clubs, organized in great networks during the period 1996-2001 developed into an extraordinarily rich model, increasing from 23 people in the very beginning to over six million in five years. The model was taken to several countries in Latin America, especially because of the similar critical situation in all countries of the region: unemployment rose to over 25% during some periods, which is extremely high in countries where practically no social protection exists, due to the so-called structural adjustment imposed by World Bank and International Monetary Funds. This led to a crisis that could not be compared to any previous one, in countries that had never suffered post-war recession. Some results will be presented, especially comparing the situation in Brazil, the strong neighbour leading the Southern Common Market.

In order to provide arguments to our main hypothesis resulting from the observation of initiatives worldwide, but with special focus on Argentina and Brazil, the following items shall be considered:

- 1. CCS: history and present in Latin America**
- 2. Rich and poor countries? Or rich and poor people in rich and poor countries?**
- 3. The show case of Argentinean barter networks: main lessons**
- 4. A different context that seemed to be a great advantage: lessons from Brazil?**
- 5. What should be expected in the next years?**

1. CCS: history and present in Latin America

In the second half of 20th century, complementary currencies systems can be tracked since 1982, with the pioneer work of Michael Linton in Vancouver, who created the LETS and diffused it throughout the world. Only ten years later, paper bills were created in Ithaca, NY, USA, suggesting how much creativity could be applied in every case, depending on the context and the kind of leadership. What was clear, in both cases, was that “connectivity” and “alternative currencies” were in the centre of these projects. Around 1995-96, several LETS systems were developing in New Zealand and Europe (France, UK, Finland, Belgium, The Netherlands, among others) as well as several “bill backed” systems in Latin America, especially in Mexico and

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Argentina, countries that shared the situation of a permanent, ongoing critical situation in public finances, where the issue was tackling with structural poverty and unemployment. In 1998, when a few hundred groups were already active in the country, gathering over 30,000 people, the “Argentinean model” of barter clubs was exported to Brazil and encountered a different political and social context: a well developed movement of the so-called Solidarity-based Economy facilitated its expansion and attracted the interest of several regional and local governments, ruled by the leftist Workers Party. We shall look at what could be considered as “small differences” in these three countries, in order to understand the evolution of their systems, and, more important, why some initiatives succeeded and others didn’t, if we consider “success” the maintenance in time and growth in number of initiatives.

In Mexico, the Tianguis “tlaloc” bill system was applied as part of payment of goods and services, and probably considered by most participants as “discount bonds” instead of a real alternative currency. The markets were organized by a leader group issuing the bills, they had to be signed by participants, and the low frequency of meetings could hardly support the idea of an “alternative” system to formal market. They had, nevertheless, a strong symbolic effect to most activists and participants of leftist social movements and their turn into a Worth and Sustainable Life Movement (www.vidadigna.info) some years later clearly show an ideological focus rather than strictly economical.

In Argentina, instead, goods and services could be entirely paid with “créditos” bills, in order to avoid the assumption of tax evasion, management tasks were done by volunteers, and official money circulation was absolutely interdicted. That is why the name “social currency” was adopted by most of groups. Moreover, to reinforce the social character of their activities, the networks organized themselves in a horizontal structure governed from bottom up, during several years, until the total breakdown of the system, partially due to political corruption and the nationwide crisis in 2001. Self management and legitimacy attributed by governments, were probably at the basis of this ever reached exponential growth in such a complementary currency system, totally financed and self-managed, mainly led by excluded groups of an impoverished middle-class people in a III World country... (*Wealth, money and power: the ephemeral “Argentinean miracle” of barter networks*, at https://infotek.awele.net/d/f/543/543_ENG.rtf)

In Brazil, the promoters of barter networks found a proper context of supporting NGOs, some Catholic Church institutions and a well organized popular economy movement, which led to a favourable reception of the initiative in most cases. That is how can be understood the creation of a National Office of Solidarity Economy (embedded in the Ministry of Labour and Employment),

that included barter clubs as part of the legitimate resistance structures, when the leftist government of President Lula started in 2003. Currently, an Atlas of these initiatives can be found at www.sies.mte.gov.ar, in which *local social currencies* are included as part of the initiatives of Solidarity Economy Markets, in the 27 states of the country.

Since 1998, this particular system was promoted or found replicated in almost all countries in Latin America: from Argentina to Mexico, including Central America and Cuba, even at low scale.

2. Rich and poor countries? Or rich and poor people in both rich and poor countries?

Against the simple assumption of conspiracy theories in which capitalism and international finances are always located in the Northern hemisphere, we must address some issues to cope with national, local responsibility as well, so that local currencies might play a new active role. In our view, the mechanism of social local currencies should be seen as one of the strategies to develop the distribution of wealth instead of its concentration. In a previous paper mentioned above, we define this “David against Goliath strategy” to name synergic initiatives developed since the late ‘70es. Of course, as part of capitalism development, the fight between wealth concentration and poverty is hard, contradictory, combined and unequal. What we want to emphasize is that, in spite of the deviation they suffered in Argentina, due to corruption and mismanagement during the last years, barter networks inaugurated a form of monetary emancipation, probably much more inspiring for the Politics than for the Economy... The main weapons of David can be found in *alternative Micro-finances* (micro-credit, revolving funds, “Banca Etica”), *Participatory Budgeting* in which citizens decide directly on public money and, last but not least, *social money* ruled in self-managed “barter networks”, serving both as strategies of Solidarity Economy and Participatory Democracy.

In the opposite path, we have the weapons of Goliath well represented by the impeccable perverse triangle of the financial capital: the oiled mechanisms of *payment of the external debt* of the poor countries, linked with the capitals concentrated in the *pension funds* of the rich countries and those from the rich people of the poor countries, finishing their definitively wealth concentrating itinerary in the *fiscal havens*, where the fine gambling architecture of the great international casino is consumed. Bank services and stock markets do not sleep during any of the 24 hours of the day...

3. The show case of Argentinean barter networks: main lessons

If we consider the rise and fall of Argentinean barter networks from inside its evolution and the national context, we may retrieve at least the following lessons:

1. “*Bill backed*” money makes quite a difference if we compare with LETS and time-banks systems worldwide and in the last three decades; it is – no doubt – the easiest way to provoke

the visibility of “money effect”, that is, of multiplying possibilities of exchanges, without restriction of time and the equivalence of products or services required by simple barter;

2. Social Money equivalent to official money units is the easier and most efficient way to establish this “non money” tool as “money worth”... Most attempts of time-based and social labour value units did not succeed, did not grow or did not maintain over time. It is evident that many currencies may co-exist and be inter-changeable or not: the important issue is that one single person can use more than one social currency.

3. Middle class participation is essential to introduce variety and sustainability of exchanges; the presence of higher level participants stimulate poorer ones to “buy” and “sell” more because social money can be produced more easily in smaller groups.

4. Strong leadership is necessary in groups aiming at medium term collective goals.

5. Social, collective goals with visibility in results, such as building a school for poor children, repairing public spaces, among others, build strong identity of the group and help its sustainability.

6. Permanent, transparent accounts of currencies’ issuing, distribution and control is an essential feature of participatory, democratic management.

7. Minimum volunteer work should be present in all activities, in order to demonstrate that all kinds of work are valuable and money-worth, even if remunerated with “social money”. This is a critical issue in NGOs management, since they are mainly supported by volunteers.

8. Participation of all members in democratic management, so that they feel part of the whole system, and not only of their respective businesses.

9. Openness to new ideas and projects, not being tied up to any fundamentalist “way of doing things” is welcome, as part of this movement towards a new paradigm in economy and social life.

10. Establishing permanent multiple alliances with different social actors so that a real “alternative market” may be achieved as part of a win-win situation with the formal market, governments and other initiatives of civil society.

4. A different context that seemed to be a great advantage: lessons from Brazil?

As a brief conclusion from the Brazilian process, what we could state is that two new “loyalties” might be too much to expect, if we believed that Solidarity Economy initiatives would immediately adopt social money as part of their practices, as well. It did not happen, indeed. Very often, it was easier to convince unemployed people to participate in barter networks “only while” they were waiting for their next job than to merge with ongoing micro-credit issues or gathering in small cooperatives. Values of neo-liberal capitalism such as competition and individualism are very deeply enrooted and may require new strategies to turn in a new paradigm of abundance in economy and social life. Some lessons to be drawn from the Brazilian initiatives in the last eight years include:

1. The speed of growth of barter clubs and networks was much slower than expected by promoters, both from governments and supporting NGOs. In spite of the support given to many initiatives, many fell down after some time and most of them did not grow significantly; some remain as “resistance” forms pushed with a lot of volunteer work and social activity, rather than economical and local development oriented.
2. Cause or consequence of the former topic, the variety and amount of exchanges never reached the proportion of Argentinean networks, that is, social money in barter clubs or networks was never an “alternative” market to participants.
3. Some associations working with micro-credit and popular savings are being tried as a recent social innovation, as the Banco Palmas show-case seems to indicate (www.bancopalmas.org), supported both by government, NGOs and a lot of volunteer work.
4. There is a clear consensus about the need of government support to promote development in very poor communities. Social Money initiatives are not enough to guarantee economical sustainability, but require some basic support, such as distribution of raw material at low cost and payment for technical staff to manage such complex projects.

5. What should be expected in the next years?

Since the creation of RedLASES – Latin America Solidarity SocioEconomy Network in 1999, many groups have been trained to promote barter clubs and community leaders, under the scope of the **Economical Literacy Program**, among several others. This was not enough to face the enormous, sudden growth during the period 1997-2001 and after the crisis of December 2001, due to the collapse of a ten year period of linking national currency to US dollar, most groups and networks practically disappeared when the system was attacked by the same vices

of official money scarcity. The training programs started then to observe the new strategies of survival that appeared during the first months of survival and both lessons from Brazil and Argentina inspired a new training program - **COLIBRI Project** - taking into account the importance of change of paradigm, both in Economy and Politics. That is why, instead of focusing on unemployment and needs, it aimed at a more integrated development process, where both human, physical, and social local resources were taken into account. In order to achieve sustainability, some actions started at government and academic level, training trainers to promote the so-called endogenous development, meaning local, integrated, economical, environmental and social development (www.redlases.org.ar/colibri). This project aims at training and networking 3000 promoters of endogenous development in Latin America, capable of producing synergy among ongoing and new initiatives in the domains of:

I – REACTIVATION OF LOCAL RESOURCES OF ANY TYPE (human, physical, social capital)

II – ALTERNATIVE FINANCING SYSTEMS: micro-credit programs and revolving funds.

III – NON MONETARY EXCHANGE SYSTEMS: social money, local currencies, time banking, bartering systems.

IV – NEW PUBLIC MANAGEMENT with civil society: the most evident example is participatory budgeting, but also joint management of public spaces, gardens, building schools, hospitals, etc.

In order to develop this program, a few key-ideas were found crucial to achieve the building of **tools** of the new **abundance paradigm** in Economy and Politics:

- * Power is a permanent, unavoidable, necessary and creative game.
- * * The resources of the planet are abundant and capable of producing welfare for all its inhabitants, in harmony with nature.
- * * * All is related with all: anyone of us creates and is responsible for his/her part and also for all.

We hope to be able of showing evidence of the application of this Program in a near future, using social currency as a means of achieving democracy, instead of a financial tool for maximizing any kind of profit...outside social capital!