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Reinventing the Market: Alternative Currencies and Community Development in Argentina

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Introduction

During the past five years, the community currency systems that have grown in popularity in the northern countries have been discovered by people in the southern countries who have adapted these systems to their local situations. Even in cultures where mutual reciprocation is a natural act that some would say does not need to be encouraged by forming official networks, we are seeing the initiation of parallel currency/reciprocal exchange systems in Japan, Thailand, Senegal, Mexico, El Salvador, Peru, Ecuador, Colombia, Brazil, Uruguay and Argentina.

In November of last year, I had the opportunity to attend a conference on parallel currency systems in Buenos Aires, Argentina*. In the city of Buenos Aires, there are 20 local exchange systems (or "nodes"), each with their own market one day per week. Tens of thousands of people have strolled through these markets, earning the parallel currency by setting up a table and selling their wares, or by making business deals that will be carried out during the week.

Although their system is based upon the materials used by LETS and Hours groups which were translated into Spanish, little information about these systems and the modifications that have been made to them has been translated into English. Now, with the help of a group of local economic developers working in these countries who distilled much of the information about how systems in North America and Europe function down to what could fit the southern situation, these materials are being translated back into English. This information is then being posted to a website devoted to these different types of local currency systems at <http://ccdev.lets.net>.

Alternative Currencies in Argentina

The "Red Global de Clubes de Trueque Multireciproco", literally "Global Network of Multi-Reciprocal Exchange Clubs" or more simply "Global Exchange Network"¹, grew into a large-scale grassroots response to economic, social and political changes in the country, with the purpose of re-inventing the market and re-introducing people that had been excluded by the domestic effects of economic globalization².

It all started on May 1st, 1995, when a garage sale was held in Bernal, a southern neighbourhood of Buenos Aires, Argentina. But this was no ordinary multi-family flea market—it was the first of many neighbourhood exchange markets (mercados de trueque) in the country. Formed by three ecologists, Carlos DeSanzo, Horacio Covas and Ruben Ravera of the P.A.R. (Programa de Auto-Suficiencia Regional — Regional Self-Sufficiency Program), the market soon expanded into the next yard, and far beyond all expectations. Five years later, they are overseeing a peaceful revolution in steady-state economics in Argentina. The end result, they hope, is a sustainable society in their country.

Originally an environmental organization focused on regional issues, the three leaders of the P.A.R. wanted to make a deeper shift by relating their work on sustainability to the myriad of social and economic issues raised in people's everyday lives. So they decided to start a barter system in their front yard. After one year, about 200 people were involved in the exchange market. At first, the system operated like a LETS, with all trading information being kept in a notebook. Later, a computer was brought in to manage the increasing volume of transactions.

Finding the transaction method of LETS to be too-time consuming and unwieldy, they began to experiment with a number of different printed-currency payment methods, such as double-entry cards which allowed the traders to keep their own accounts, receipts, cheques, bonds and vouchers which revealed the wide variety of possibilities. Sometime later, they returned to a mutual credit system (LETS type) using a currency called "nodine" (no dinero - non-money) which fit with their idea that money, in an ideal society, should not exist, rather that people should give and receive as needed.



The "Arbole" note is now accepted in all 500 systems nationwide, with an issuance of 600,000 US dollars equivalent. A further 200,000 US dollar equivalent has been issued by the local systems.

How the RGT System Works

After all the experimentation, they eventually settled on another type of money, called "creditos", which is a printed currency that fit better with the rapidly increasing use of the system by the mainstream members of society. Unlike Hours systems, where the new member receives Hours the moment they join or list their offers or requests in the Bulletin, in the RGT system they must be earned first. After a period of about three months, if the member has proven they can earn as well as spend their credits, they receive the equivalent of \$50 US dollars. The recipient is considered to owe that same amount back to the system, however no records are being kept to ensure that credits are made up at this time, as by the time they receive their disbursement, they have already proven their ability to earn and spend the social money.

Unlike the LETS and HOURS systems, any good or service can be paid for **in full** with the alternative currency. The equivalent of more than \$800,000 US dollars has been issued. Circulation is estimated at an equivalent at more than \$5 million US dollars per year, according to the Dutch New Economics organization Aktie Strohalm³. The alternative currency is valued at par with the Argentine Peso, which is pegged to the US dollar, making it easier to use and accept the new money.

However, it is very different than its conventional currency counterparts. It is an interest-free currency (no interest is charged or paid), it is first earned by the members of the system who receive a disbursement later on, it is limited to the local neighbourhood or region in which it is issued and it is backed by the ability to buy a wide-range of quality goods in the marketplace.

The Bulletin of Offers and Requests is not produced by the RGT organization, but by individuals who make it their business to take notes on each member's offers and requests. The Bulletin for Buenos Aires is a 50 legal-size page book, and is rather expensive to purchase.

Parallel Currencies Mobilize Community Assets

Community exchange networks, parallel/local/alternative currency systems, or whatever name they choose to go by, are a way of identifying and mobilizing the community's assets. Rather than focusing on what a community is lacking, they identify what the community is possessing, and build on that foundation.

On a sunny Sunday afternoon in late November, I entered "La Bernalesa", an empty DuPont textile factory in the neighbourhood birthplace of the Network that had been turned into an indoor alternative currency mini-mall. On the large main factory floor, hundreds of people holding their little yellow "creditos" notes jostled their way up and down the long lines of tables displaying everything from handmade clothing, to food, vegetables, tools, pottery, etc. Certainly, any item on anyone's needs list could be fulfilled here.

"There are at least two Exchange Markets every day somewhere in the city", said Carlos DeSanzo, one of the founders and a muscular, red-haired ecologist who led me around the crowded market. "Many people now earn the majority of their income in 'creditos'."

Heloisa Primavera, Professor of Public Administration at the University of Buenos Aires, coordinator of the Obelisco Node in central downtown Buenos Aires and one of the leaders of the RGT waxes academic with me: "we believe that multi-reciprocal barter is an effective tool to rebuild the market, a way to re-shuffle the cards, a way to build a democratic life with equity and solidarity, instead of competition and exclusion. We are building a new social game, and we have invited many people to come and play with us." Fortunately, many people are, and not only in Argentina.

We often hear about all of the troubles happening in the rest of the world, and if we have not travelled to those countries ourselves, we develop generalizations about these places that do not fit the reality.

As Ms. Primavera and I are strolling down the street in what some would say is a poor and dangerous neighbourhood, children kick soccer balls, women look up from their work and wave to us, and passers by take the time to greet. She tells me, "most people only see scarcity and not abundance, and that is why people who think they are lacking in something do not see what they have to offer. This is a very important barrier in their mind. We must overcome this barrier that prevents us from seeing what we have to offer. We in the Global Exchange Network believe that we cannot change people through words, reasoning and counselling, but through *new social practices*, regularly and systematically lived. After a few months of belonging to our exchange network, people discover things about themselves that they didn't know they knew! They realize just how necessary they are to the other people in the Network."

This sentiment is echoed McKnight (1993) in his book on "asset-based" community development. He argues that most community development efforts focus on negative images of low-income communities. The worse the community sounds, the more money it can get from social agencies to throw at the problem. Rather than helping, he argues, it starts a race to the bottom. In its place, McKnight suggests mapping the assets of a community, and working to build upon them. Heloisa continues, "in offering our skills, goods and services through bartering, we focus on what we have and how to make it better, rather than on what we don't have and how to get it."⁴

In Argentina, this translates into group sessions on personal growth: confidence building, skill sharing, gift giving and community activity, followed by an Exchange Market. In the course of participating in the markets, people lose their initial desire to take personal advantage from the system, as we have all become used to doing. This has evolved into a set of principles developed by the participants:

- "1. Our fulfillment as human beings need not be conditioned by money, and people ought not want for their needs to be met.
2. We aim not to promote products or services, but our mutual help in accomplishing a better way of life, through work, solidarity and fair trade.
3. We believe in the possibility of replacing competition, profit and speculation by reciprocity among people.
4. We assume that our actions, products and services respond to ethical and ecological standards more than to the will of the market, consumerism and short term profit.
5. The only conditions to be a member of the Global Exchange Network are: assisting and participating at the weekly group meetings for trade, being trained permanently, and being "prosumers" (both producer and consumer) of goods, services and knowledge and to be accepting of the opinions of the Quality and Price Control circles which aims to improve the network.

6. As we are an association of individuals, each member is responsible for her/his actions, as well as goods or services offered in the Network.
7. We believe that belonging to a group means no relationship of dependence, since individual participation is free and common to every member of the Network.
8. We claim that groups are not necessarily due to be formally organized, in a permanent way, since the network model implies permanent change of roles and functions.
9. We believe it is possible to combine the autonomy of groups (Clubs or Nodes), in the management of internal affairs with all the principles of the Network.
10. We recommend not to support, as members of the Network, moral or materially any activity that might keep us apart from the main goals of our Network.
11. We believe our best example is our behavior in and out of the Network. We keep confidentiality about our private lives and prudence in the public treatment of those matters that might alter the growth of the Network.
12. We deeply believe in an idea of progress founded upon the sustainable mutual support of the great majority of people of all societies.⁵"

Conclusion

In Argentina and in communities around the world, people are discovering the wealth they have in their people, land and associations. In this process of discovery, through exchanging with each other, they are collectively birthing a new set of symbols—not of a monetary value that in the conventional economy is based on an idea of scarcity (that which is scarce is valuable) but of a social value of ourselves and each other that is rich in what we all have to give.

Footnotes

*The author's visit to attend the Latin American Socio-Economic Solidarity Network conference in Buenos Aires, November 25 to December 10 was supported by VIDEA (Victoria International Development Education Association) and funded by the International Development Research Centre (IDRC). [Return to text](#)

1. Internet <http://ccdev.lets.net/latin.html> or <http://www.geocities.com/rainforest/canopy/5413/index.html> [Return to text](#)

2. Aktie Strohalm. <http://www.intouch.nl/strohalm> [Return to text](#)

3. Heloisa Primavera, Carlos De Sanzo and Horacio Covas. *Re-shuffling for a New Social Order: The Experience of the Global Barter Network in Argentina*. 1998. [Return to text](#)

4. McKnight, J. *Building Communities from the Inside Out: A Path Toward Finding and Mobilizing a Community's Assets*. Northwestern University Press. 1993. [Return to text](#)

5. Primavera, DeSanzo, Covas. Ibid. [Return to text](#)

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