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Towards an Economy in the Hands of the People: The Tianguis Tlaloc Local Currency System in Mexico

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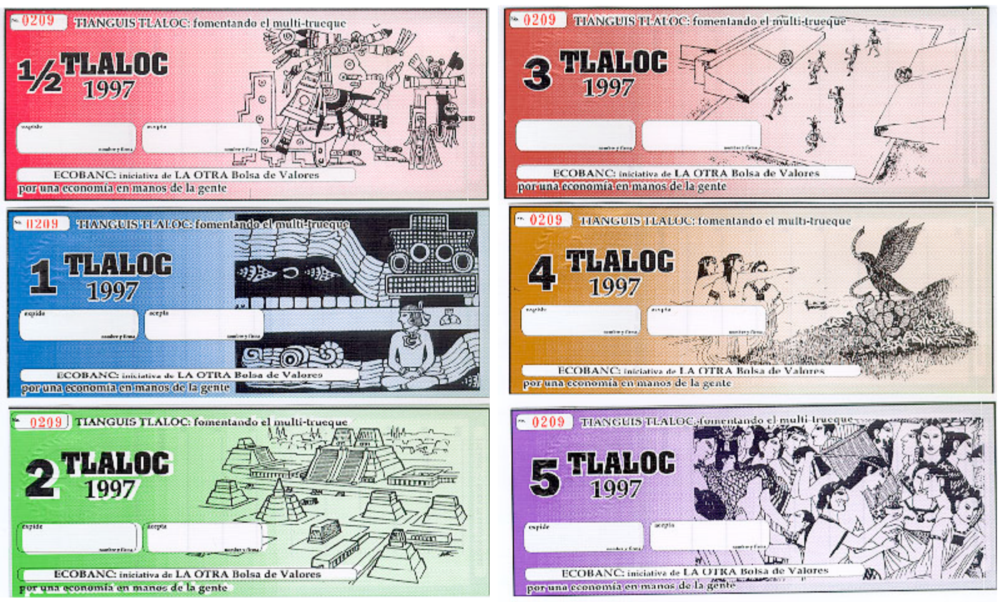
This report is a summary of a PAR project conducted by Luis Lopezllera-Mendez of the Mexican NGO Promocion del Desarrollo Popular A.C.(PdP) in partnership with Stephen DeMeulenaere of the Victoria International Development Education Association (VIDEA) from October 1998 to October 1999. A research grant for this project was provided by the International Development Research Centre (IDRC), Ottawa, Canada.



Samples of the Tianguis Tlaloc local currency.

Introduction

Community Currency Systems are now widespread in the global north, where their ability to enhance existing social and material assets, foster reciprocation and redistribution, and discourage anti-social behaviour through the strengthening of the notion of community is becoming well-known. Research (Gran, 1997) suggests, however, that the motivation to participate is based more upon adherence to a particular ideology rather than upon need.

This contrasts with the global south, where the vast majority of people suffer from an inability to meet their basic needs. Community currencies could potentially fill many important material and social gaps that exist in people's lives. The experiences of LETS and HOURS systems in the global north precede the emergence of similar systems in the global south by more than 10 years. This gap has allowed Community Currency practitioners in the global north time to test and study the merits and drawbacks of particular designs in a relatively safe space. A number of communities in the global south are taking these experiences and analyzing them to determine which approach is best suited to their particular locality, with its distinct social and material assets, culture and needs. One of these communities is in Mexico.

The idea to initiate a community currency in Mexico came as a result of the PdP's program of promoting an appropriate economy that allows for the independent self-development of communities and economies at a scale which can best be managed by those living within that community. Through discussion with Community Currency practitioners in Canada, America, and Europe they became convinced of the ability of mutual credit (LETS-type) parallel currency systems in providing a safe, simple and sound method for issuing interest-free credit currency, with the freedom to implement the system as they chose, and as local conditions dictated.

The use of parallel currencies, whether in the global south or north provide new methods for practicing local economic development projects aimed at achieving the meeting of basic human needs, environmental restoration, ecological sustainability, social harmony, cultural revitalization and meaningful human economic activity.

This report begins with a background to the Tianguis Tlaloc program, how the system functions and what its main goals are. We then turn to an analysis of the system function and data collected, based on a Participatory Action one-on-one interview with participants, who provided a list of positive and negative characteristics of the system and a list of suggested improvements to the system's operational and social functions.

As sections of this report were translated from the Spanish, we ask for your understanding if the readability of some parts of this report has been affected. We preferred to give the most accurate interpretation of what was presented in Spanish.

Background

The Tianguis Tlaloc is a hybrid LETS / HOURS local currency system established first in 1994 in the state of Oaxaca and re-established in 1996 in Mexico City by the Mexican NGO Promocion del Desarrollo Popular A.C. (Promotion of Popular Development, PdP), a 30-year old non-governmental organization. The name 'Tianguis Tlaloc' is derived from the Aztec words '**Tianguis**', meaning "open-air market" and '**Tlaloc**', the name of one of the Aztec dieties related to water, rain, thunder and life. It also happens to be the name of the street in the low-income neighbourhood where the PdP's office is located.

Over its long history, the PdP has initiated many grassroots initiatives to address poverty and development concerns, providing advice, logistical support and information. In 1989, the PdP launched "LA OTRA Bolsa de Valores (THE OTHER Stock Exchange) as a project and a journal, which, according to the PdP's executive-director and professional architect Luis Lopezllera, "a systemic approach to networking NGOs and relevant grassroots groups in order to share knowledge and opportunities related to self-reliance strategies. The Tianguis Tlaloc is a product of this process."

The idea to implement a parallel currency began in July of 1993 with a visit to the PdP's office by Mark Kinney, an American anthropologist and historian who lived part of the time in Mexico City, who suggested the implementation of a parallel currency. His article on local currencies was published in the La OTRA Bolsa de Valores journal.

The next year, in 1994, an attempt was made to launch the 'Boja' currency in the Mezquital Valley in the state of Oaxaca. However, the rebellion by the Zapatista National Liberation Army in the neighbouring state of Chiapas raised federal government concerns that the parallel currency could be used to extend the range of Zapatista control, and thus it was terminated some months later.

The Tianguis Tlaloc was re-introduced in Mexico City in 1996 through the magazine "La OTRA Bolsa de Valores" (The OTHER Stock Exchange) by trying to recruit the magazine's subscribers. A monthly market was organized in Chapultepec Park in central Mexico City. Luis Lopezllera says that they soon "realized that many of them belong to organizations in the middle level, linked with the development cooperation issue and dealing with subsidies, foreign aid, "development" projects...but few are skillful or personally involved in productive and common services. Many were interested in the theoretical approach of 'alternative currencies' –as professionals already with a job—but very few in personal need for expanding a mutual aid system for themselves. So, without disregarding them, we started putting the accent on individuals, families and grassroots movements, less ideological but linked by geography, trade or social need/aims. 1998 was an important year for this strategy."

Shifting focus, the Tianguis Tlaloc was introduced to the public through neighbourhood markets that were set up by

PdP members in their own neighbourhoods through meetings in local cafes and meeting places, featuring home-made goods and hands-on services. It did not take long for the numbers of people using the Tlaloc in the city to grow to a few hundred.

How the Tianguis Tlaloc system functions

The Tianguis Tlaloc, like LETS, is a mutual-credit system in which members agree to accept payment, in whole or part, in the form of credits called Tlaloc and Tequio. When a new member joins the system, they receive 15 Tlalocs and 50 Tequios, which are recorded as a debit to their account. The Tlaloc is a type of cheque-note of a specific value, either , 1, 2, 3, 4, or 5 hours of time, with one hour the approximate equivalent (at time of writing) of 25 pesos or 3 dollars US. Tequio, meaning "communal effort" in Aztec, valued at 1/30 of a Tlaloc or about 1 peso. Tequios are used like small change, and issued in denominations of 1, 5 and 10 Tequios.

When the Tlaloc is spent, the person making payment and the person receiving payment sign the note, essentially activating it into circulation at the point and time-of-trade, making the note a "cheque-note" in design. Subsequent recipients of the note sign the back, and there are 10 signature spaces for that purpose. Both giver and receiver keep their own personal account in a separate book, delivering a transaction statement to the central office when their account book is full. Once notes are full, they are also returned to the office and are compared with the information entered into the accounts. This feature of the note allows the administration to determine how much business has been facilitated by the community currency note between the time of its issuance and replacement, and to double-check on people's willingness to sign the back of the note. Essentially, this function was intended to test the velocity of each note, rather than, for example, circulating a special "tracer note" by which to test velocity.

Unfortunately, the members of the system found this task of signing the back of the note to be too cumbersome and soon abandoned the practice to the disappointment of the administration. The system simply functions like regular Credit Union or LETS, where members can withdraw Tlalocs on credit.

As is usual in transactions involving parallel currencies, traders usually accept Tlalocs in payment for goods and services up to about 30% of the purchase price, as recommended by the PdP. To facilitate trading, A catalogue of Offers and Requests is published every four months, and is identical to the catalogue published by both LETS and HOURS systems.

In the beginning, new members also received a 40 hour credit to their account which could be spent using a standard cheque which would allow the user to name the amount they wished to spend. However the complexity of this system did not go well with the majority of people and was discontinued by 1998.

The method of issuing the Tlaloc is the same as LETS, while using a printed currency based on units of time, in the same fashion as HOURS. The Tlaloc system has the advantage of ease of transaction offered by the use of the printed cheque-note with the corresponding valuation in Hours, US dollars and Mexican Pesos, with the sound method of issuance offered by the system of accounts.

The bill allows transactions to take place between people who may not be members, unlike the LETS system where transactions can only take place between account-holding members. Conversely, the method of issuing the Tlaloc allows the members to issue their own money, unlike the HOURS system where the currency is issued to them and activated upon joining.

Thus the Tlaloc takes the advantages of both the LETS and HOURS system while removing the negative aspects of both in this complementary hybrid.

The note features scenes of Aztec life, suggestive of the rich cultural history that Mexicans share, is serialized, impression-stamped with the PdP logo and printed on a rare type of textured, plasticized paper that is very durable. At the top of the note, the text reads "Tianguis Tlaloc: Facilitating Multi-Exchange". At the bottom of the note, the text reads "EcoBank: Initiative of The OTHER Stock Exchange" and below that "For an economy in the hands of the people." The back of the note features 10 spaces for signatures and the valuation of the note. Each denomination is of a different and bold color, for those who may best recognize the value of the note through its color rather than number.

There have been three printings of the Tlaloc currency, and an total issuance (money supply) of US $58,710 worth of Tlalocs. Assuming the experiment with endorsing the note was a success, which it was not, with the potential of each note to be exchanged 10 times before being redeemed, a ceiling of US $587,100 of economic activity could be reached before the first note needs to be redeemed (assuming that all notes are filled before the first one is redeemed.)

Goals of the Tianguis Tlaloc

The Tianguis Tlaloc program encourages participants to utilize the multi-exchange notes TLALOC y TEQUIO to create more work opportunities, economic interaction and mutual support through the Tlaloc Market. They hope to combining individual progress with increasing collective opportunities to practice barter, gift exchange and donation. From this general goal, they hope to:

- Increase the number and capacity of local neighbourhood groups, guilds and systems that enriching the community. PdP is especially interested in the organization of guilds specializing in issues of well-being. For example, health, crafts, food, ecology, art and culture, accounting, education, micro-enterprises, languages, etc.
- Combine emerging micro-enterprises with established businesses in order to stop the gap between micro and macro, between the formal economy and the invisible, informal one, towards an integral solution.
- Increase public use of idle infrastructures, with installed amenities, of wasted skills, equal to the promotion of continuing education, arts, sports and logic which have been displaced by the dominating market (which works to exhaust and impede for the simple reasons of vocation and capacity).
- Relate urban and rural initiatives to close the existing gap between the country and the city, creating concrete solidarity between country and city producer groups with multiple services.
- Combine traditional, unsustainable contributions of energy, creativity, and learning skills with youth and children as well as adults and seniors.
- Connect with the savings/credit union and cooperative movement to realize the slogan: "For a Capital City in the hands of the public".
- To compromise between the forces to create opportunities for the poor "within" the system (strategies for micro-enterprises, micro-credit summit, Grameen Bank, World Banks, PROGRESA, etc.), with the significant forces favoring alternatives and systemic changes (bio-regionalism, emerging or indigenous identities, LETS, fair trade, regulation of speculation, Tobin tax, forgiveness of international debt, Jubilee 2000, etc.
- Towards a strategy of emerging values centered around a mutation rather than in mere reforms.

Participatory Action Research Assessment

The research section is a joint study conducted by Stephen DeMeulenaere of VIDEA in Canada, and Luis Lopezllera of the PdP in Mexico. Discussion began in 1997, and funding was secured in the summer of 1998, allowing the program to begin in the fall of 1998.

Methodology

Promocion del Desarrollo Popular designed the PAR Assessment based on their resources and needs, with the input, cooperation and assistance of Stephen DeMeulenaere.

In the realization of this study, PdP distinguishes but does not separate between the group that promotes the Tianguis Tlaloc system, and the team conducting the participatory action research. PdP sees PAR as a task conjoined between those responsible for the creation, the clearing of obstacles, the improvising and creative use of opportunities, the questioning, information-generating and systematizing activities as a parallel action of conscience, reflection and co-strategizing. Thus this research project is open to all who use the Tianguis Tlaloc and have expressed interest and commitment in developing its potential with resulting benefit to not only the study, but to the system and to society.

In developing an information matrix, the PdP wished to assess the performance of the community currency, and gather participant's opinions on the performance of the program for them, to develop a general conclusion about the ability of community currency systems to ameliorate the difficulties faced by the community in a globalizing economy.

So as not to be burdensome upon the participants, a focus group was formed. A poll was conducted and brief discussion was held with each of the participants. The poll was conducted in two phases between June and August 1999, performed by Xavier Vizcaya, Education Sociologist, and with some collaborating "Tianguistas", notably Monica Martinez, graduate of Anthropology. The first Phase collected concrete date on member participation in the program, and the second Phase collected member's opinions on their participation in and the function of the program.

Phase One: Data

A focus group of twenty-eight Tianguistas were interviewed including those who had participated most actively in the markets organized by Tianguis Tlaloc, following an elaborate schedule with the intention of qualifying and comparing as best as possible, the data obtained. The results are as follows.

Guild Structure

Seven types of guilds are classified in the Tianguis Tlaloc system, these being:

Type of Guild	Number of Tianguistas Interviewed
1. Food	9
2. Health	3
3. Handicrafts	2
4. Art and Culture	5
5. Ecology	5
6. Training	7
7. Various Services	3

That gives a total of 34 Tianguistas interviewed, but 6 of the 28 interviewed were categorized into two guilds.

Timing

In what is referred to as the timing of joining Tianguis Tlaloc, these are the results obtained from the 28 Tianguistas interviewed:

Date of Joining	Number of Interviewees who Joined
1996-1 (1st semester)	10
1996-2 (2nd semester)	3
1997-1	1
1997-2	2
1998-1	5
1998-2	5
1999-1	2

With this data it can be appreciated that one third (10 Tianguistas), of all the 28 interviewed, are the initiators of the Tianguis Tlaloc, that is to say there is a solid base. In the same way, during the period 98-1 and 98-2 another 10 Tianguistas joined, which was followed by more participants.

Production - Consumption at the Markets

The participation of these 28 Tianguistas in the markets took place in the following manner: 20 attended as producer or service provider; 20 attended as consumers; 8 participated as organizers. This indicates that the majority attended as much to sell their products and or services as to consume those of others, generating a trade between all of the Tianguistas who attended and participated in the fairs. The majority of consumption is during the fairs, these being the results:

Guild	**Number of Purchases**
1. Food	24
2. Health	5
3. Handicrafts	9
4. Art and Culture	4
5. Ecology	3
6. Training	0
7. Various Services	0

It is interesting to note that in the guild of Training and Various Services not a single exchange was achieved by our focus group of 28 Tianguistas (although it is known that other Tianguistas had effected purchases, for example, microbusiness consultants).

Transactions and the Tlaloc

As for as the transactions with Tlalocs and Tequios, 24 Tianguistas interviewed traded at the fairs; 7 had used the directory and another 7 exchanged their products or services with other Tianguistas at the market. It can be appreciated that the majority used only alternative money during the markets and that a quarter used it with friends or through the directory. The market appears to be the most popular place for members to meet.

Phase Two: Opinions

Through discussion with the 28 focus group Tianguistas, an analysis of the positive and negative characteristics and suggestions for improving the system were made.

Positive characteristics of the Tianguis Tlaloc:

- The method of issuing the Tlaloc is sound. The use of accounts makes it relatively simple to collect and analyze information about trading volumes and velocity to assess the performance of the system.
- The use of notes expands potential use of the Tlaloc beyond the system of accounts, while increasing the efficiency, simplicity and lowering the cost per transaction.
- Many exchanges of products, services, and knowledge are being generated.
- It emphasizes ecology and respect for the environment.
- It promotes natural foods.

- It is a healthier way of life.
- It encourages values (confidence, respect, mutual assistance, solidarity.
- The markets are parties, which serve as entertainment.
- Personal qualities are revealed.
- It is an alternative project.
- It gives priority to people, microbusinesses and basic organizations.
- It generates barter and exchanges.
- The fairs permit community and social relationships.
- It supports alternative money and the use of Tlalocs.

Criticisms of the Tianguis Tlaloc

- Tlalocs are not being valued at their set levels.
- Lack of reciprocity and respect between Tianguistas in the market.
- Lack of teamwork between organizers.
- People think the Tianguis Tlaloc is owned by PDP, and not a people's program.
- The distances between Tianguistas does not allow for effective communication or attendance at the market.
- The program is not yet at the local level.
- A storefront is needed where goods can be acquired.
- Lack of consciousness and conviction.
- The work hours make it hard to collaborate better.
- There is a lack of information on how to manage the Tlalocs and Tequios.
- The directory hasn't worked.
- The location of the markets has been poor.
- The exchange of products and services is very limited.
- Not everyone is helping the organization with the markets, so that the work is only done by a few.
- The markets are wasteful (for some organizers).
- There is a lack of major exchange between Tianguistas.
- Few Tlalocs and Tequios have been used.
- There is a lack of non-member consumers.
- There is exhaustion after the markets.
- There is a lack of clarity and specificity of all the Tianguis Tlaloc objectives.
- Promotion of the markets is lacking.
- The explanations around the use of the Tianguis Tlaloc are complicated.
- The Xochimilco people did not accept Tlalocs (referring to an invitation extended to people from Xochimilco, south of Mexico City to attend a market and to consider opening a new market there).

Suggestions for Improving the Tlaloc System

- Create a cooperative or a store where products may be purchased.
- Have the markets in more publicly-accessible places.
- That everyone collaborate in the necessary tasks for the markets.
- Cover the inscription costs to make the system free for members.
- Notices of the market and the places where they take place should be rotated.
- Do the markets where there are many people already.
- Make a brochure that explains in a simple manner the use of the Tlalocs.
- That the Wednesday meetings take place after 6 p.m.
- That Tianguistas exchange their products or services and give increased value to the use of others' products and services, not so much to the use of the Tlaloc money.

To these suggestions, we can add that the note should be redesigned to remove the signature feature on the back of the note, which would provide more space for education members, etc.

Some 0pinions from Tianguistas Interviewed

As some of the 28 focus group members did not wish to express their opinion on Tlaloc (some felt they were too new to the system to comment), the ability to express opinion was opened to all participants at the two markets. These are a summary of some of the opinions gathered.

Joel Bonilla

"The first time that I heard about Tianguis Tlaloc I identified with it because I had traded painting classes for French classes. It fit well with the lifestyle I was seeking. There is the perspective of creating a healthier world and respecting the environment, based on tremendous values."

Arturo Buenrostro

"For many it is an option. If there is no liquidity [of money], trade is necessary."

Alejandro Camacho

"Its a novel and interesting experiment. The alternative market benefits everyone. However, there is a lack of a larger impulse and the exchanges are limited - more offers of products and services are necessary."

Alfredo Camhaji Samra

"I believe profoundly in exchange mechanisms. However, certain modifications are needed. For example, reinforcing the operation with government support and changing the Tlalocs every six months forever, and taking the internal costs away from all of the Tianguista operations."

Laura Hernandez

"As a subscriber to 'LA OTRA Bolsa de Valores' I entered Tianguis. The proposal is interesting and the group is visionary. It astounds me that presently there is an economic crack and nothing is being done. We can, without waiting for something from the government, do much through community organizations".

Maria Antonieta Tejeda

"The Tianguis Tlaloc proposal wishes to be so innovative that it appears marginal and has little credibility. Not one opportunity to create your own economy is seen... I work with very marginal people, who don't have status, and there is no possibility of taking them to the markets. I am interested in promoting myself with the SEP, in the delegations, in the states, and at high profile events. It has closed itself off in a world of ideas and volunteerism without concrete ideas."

Conclusion of the Tianguis Tlaloc Study: Reflections & Recommendations

This research study helped to confirm what was previously only speculation about the opinions of the participants in the system. They are tired of participating in an "alternative experiment", located safely at the small-scale, and believe it is time to end the experiment and begin the reality.

With this in mind, it is important to set the Tianguis Tlaloc system in the context of a country which has suffered a large financial economic crisis, the collapse of the banking system and the predominance of a government regime that has lasted several decades, simulating democracy and controlling and devaluing social organizations. Corruption and crime have grown notably and violence and Human Rights violations are to be found in many places. The nearly absolute rulers at different levels of government and economy have contributed to creating a pyramidal system which has combined cynicism with submission but today is inefficient to the point of near collapse.

Presently the technocracy formed in the United States has integrated the economy of the country with transnational forces and world speculators. This has resulted in a dual reality, where extreme poverty affects more than 40% of the population and, more seriously, the traditional solidarity culture is being diluted through market individualism, while the opulent minority links with the globalization trend.

The proposal of an alternative currency with the creation of social markets unveils surprise, interest, and hope but at the same time there needs to be a fight against non-productive illness, inconsistency, and lack of confidence, all effects of the unfavorable context mentioned above. The models that have been experimented with in the global north (e.g. LETS) are informative and inspiring but are believed by the PdP to not be replicable here. The different cultural, economic and political differences between the global north and south, and thus the framework for designing appropriate responses, are very broad, including:

- Integrated, democratic, industrialized society versus a conquered, dependent, and constricted society;
- Poverty of the minority versus poverty of the majority;
- Predominance of the value of individual competence versus specific traditional forms of productivity and lastly;
- A materialistic society versus a spiritual society.

Recently, many countries in the global south have begun to generate community currency models and programs in various regions. In Mexico's case the Tianguis TLALOC campaign was guided by the following sectors:

- NGOs and development organizations.
- Philanthropists.
- Development agencies.
- Religious organizations.
- Individuals desiring to progress (common people and middle class).
- Micro-enterprises.
- Established businesses.

Luis Lopezllera states that "we have learned that there are many people in the 'development' sector interested in the experience for ideological, philanthropic, and political reasons, but few of these individuals are actually interested in augmenting their more or less institutional incomes (academic, NGO, public sector, etc.) by participating in the system as producers, or even simply as consumers. They generally do not participate in real terms in the dynamics of Tianguis."

"The people who participated the most correspond to the marginalized rural or urban sector, for whom it is truly necessary, or even middle class offering services at a personal level, and fortunately also the business sector. Already there are emerging micro-enterprises (agro-ecologic ones) or established businesses."

The principal task of the Tianguis has been to erase the concept of money as something material and real, not only in academic terms but also in a social and operational form. It is to explore the possibilities of a more humane economy between the population with scarce resources and deterioration of the middle classes, establishing more horizontal and equitable relationships where the value symbols correspond more to the integral reality of the people. We feel that the Tianguis Tlaloc, appropriately designed for the local level, is one of several appropriate vehicles for carrying out this task.

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