The article examined the phenomenon of social currencies, asserting they are indispensable for the operation of Solidarity Economy, as it was first called in Latin America and is now accepted worldwide. The essay emphasized that social currencies are created and managed by communities, used as a medium of exchange and unit of account but not as a store of value because they produce no interest when they are not in use: this makes them useful to distribute wealth and useless to speculation or accumulation of capital. The article argued for the need for social currencies, extending from Latin America to North America, Europe, and beyond. It focused mainly on Brazil, where there has been a National Secretariat for Solidarity Economy at the Ministry of Labor and Employment since 2003, and Argentina, where thousands of “barter clubs” (clubes de trueque) emerged in the mid-1990s and became quite necessary during the crisis of late 2001.

The term Solidarity Economy emerged in Latin America over the past twenty years in response to community and worker demands to expand forms of social inclusion and unity. Different conceptions of Solidarity Economy originated among movements seeking to create grassroots economies during the military dictatorships that dominated Latin America during the 1970s and 1980s and subsequently, flourished as of the emergence of financial neoliberal democracies in the 1990s up to the present. Solidarity Economy is now widely considered a new form of production and exchange as it institutionalizes the participation of workers and previously excluded social actors in local economic organizations. To varying degrees, new Solidarity Economy initiatives in Latin America receive support from governments that are seeking political alliances with workers and social movements.

On another hand, since 1982, in Comox Valley, British Columbia, Canadian Michael Linton launched the first organized complementary currency system (CCS) in the second half of the twentieth century known as LET’S and originally meaning “Let’s move against lack of money.” Even if it later adopted the initials for “Local Exchange Trading System,” its goal was to face the unemployment crisis in the region, and the initiative was promptly developed in Australia, New Zealand, England, Scotland, Belgium, the Netherlands, and France. Only a decade later would it reach Latin America as will be shown later.
What we consider social currencies in this article and elsewhere (see Primavera 1999, 2001b, 2006) are closely related to this CCS family, with a particular strategy of community management that can be adopted in some cases.

The most significant factor in the necessity to develop Solidarity Economy in Latin America is embedded in the structural poverty of the region, which prompted a notable receptivity to such compensatory strategy and brought about unprecedented creativity of popular sectors in several countries, notably Argentina and Brazil.

This essay examines two hypotheses for discussion that are ever more important in the context of the 2008–2010 global financial collapse and ensuing job crisis:

1. If Solidarity Economy is to achieve saliency and popular magnitude as a development model, it must coordinate its various initiatives synergistically by consolidating a conceptualization and material implementation of a range of collective forms of action. Failing to develop a broadly based strategy in the 2010s, Solidarity Economy may remain a functional strategy to timidly face poverty, inside the current, hegemonic neoliberal model of development.

2. A key policy instrument of Solidarity Economy is the creation of CCSs managed by their own users. Such new currencies we firstly named social currencies (Primavera 1999) may be efficiently used as a strategic replacement for the shortage of government financing for building Solidarity Economy as an alternative development model.

Solidarity Economy is currently viewed worldwide as an egalitarian and democratic alternative to the dominant form of neoliberal capitalism, expanding popular access to social and political power, far beyond an economic strategy to alleviate poverty (Coraggio 1998, 1999; Primavera 1999, 2003, 2005; Razeto 1990). The knowledge accumulated through consolidated initiatives in various regions of Latin America and Europe are essential for new interventions in promoting a new paradigm of thought and action that can lead to a redistribution of wealth, especially in the most unequal regions in the world. Solidarity economy aims at challenging neoliberalism; it must not waste the diversity of forms that are crystallizing throughout the world.

**Solidarity Economy: A Brief History**

The term Solidarity Economy is relatively new to Latin America, becoming increasingly frequent in the past two decades to refer to the surfacing of heterogeneous forms of grassroots economic activity that institutionalizes the participation of formerly oppressed social actors. Unemployed workers are provided a leading position in the organization of new economic forms with the varying degrees of support from public sectors in each country.
As a member of the Global Animation Team from the Solidarity Economy Pole within the dynamics of the Alliance for a Responsible, Plural and United World, we had to look for equivalence to the term Solidarity Economy in order to communicate our experience in Asia and English-speaking countries as was the case of the 2004 World Social Forum held in Mumbai, India. In that event, we adopted the term People’s Economy to cover different initiatives but with some similarity to an existing cluster. We noted then a theoretical vacuum that must be worked on urgently to potentiate and make visible many initiatives as diverse and equally important to address social exclusion as a central theme of the twenty-first century.

Similarly, in several countries, Solidarity Economy is often associated with social economy, a term traditionally reserved for the world of cooperatives. Another example is that in France, Spain, Italy, and Canada, the expression Social Solidarity Economy covers a wide range of initiatives, including a new labor market. References to this process of historical and conceptual accumulation can be found online, and the germ of an Intercontinental Network for the Promotion of Social Solidarity Economy began and was solidly established as a movement in July 1997, after the First Meeting on Globalization of Solidarity, in Lima, Peru.

This was followed in 2001, in Quebec City, Canada, with the second meeting, which defined more precise guidelines for dissemination for other regions. The third meeting took place in November 2005 in Dakar and proposed to define Solidarity Economy simply as “a new way of thinking and living the Economy,” which shows the difficulty in advancing consensus on the deepening of this emerging concept. Finally, the fourth meeting of the Réseau Intercontinental de Promotion de l’Economie Sociale et Solidaire (RIPESS), held in Luxembourg in April 2009, showed the diversity and the advancement of this field of knowledge and intervention in social policy worldwide.

With regard to North America, it is certainly Canada where Social Solidarity Economy has been successful as an organized movement, initially in the province of Quebec in 1997, but since 2007, a network of Solidarity Economy in the U.S. was consolidated and integrates a wide variety of economic initiatives, such as worker, consumer, housing, and finance cooperatives, local exchange systems with complementary currencies, social enterprises, local businesses, social investment funds, fair trade initiatives, eco-villages, organic agriculture, etc.

We must recognize that this whole field of knowledge and action necessarily combines the economic with the social and ethical. Today, we can speak of a development that occurred both in the Southern and the Northern hemispheres, having produced millions of diverse initiatives that takes place in an economy of work, not capital, focusing on man and not gain in the economic, social development process. This involves the expansion of mechanisms of accountability and collective and democratic decision making, promotes local development, and reinforces the power of local action. In Asia, the movement has begun to organize, and we believe that today, although uneven, Solidarity Economy has global presence as such, as we can see in the creation of the Asian Alliance for Solidarity Economy launched in Manila in October 2007. Despite their
diversity, in the Americas and in other regions of the world, Solidarity Economy involves thinking beyond the neoliberal logic, in a framework of economic pluralism, aiming ultimately at producing socioeconomic innovation and social transformation, in a third way that departs from both the neoliberalism governed by free markets and the omnipresence of the state.

As quite distinct illustrative cases of the development of the Solidarity Economy in Latin America, we should mention, even without further analysis in this space, the following countries:

1. Chile, by the particular significance this economy reached in response to popular resistance to military dictatorship in the period 1973–1993 and is well reconstructed by Razeto (1990) and followed to present online.6

2. Peru, where the first North–South partnership between civil society organizations for the development of Solidarity Economy was conceived and can be extensively known at the institutional web site of Grupo de Economía Solidaria del Perú (GRESP).7

3. Brazil, where an organized popular movement for over two decades led to the creation of a National Solidarity Economy Secretariat in the Ministry of Labor and Employment from 2003 to the present.8

It has lasted more than six years and has promoted active public policies and the creation of a forum composed of three social actors: different initiatives of workers, support organizations such as universities and nongovernment organizations (NGOs), and the national government itself, Brazilian Forum of Solidarity Economy.9

Beyond the relative importance in each country of the position of public authority, it is important to consolidate and disseminate all the knowledge already produced by those new organizations of workers and their allies. The experience of Latin American models of Solidarity Economy, which are better known, will certainly provide examples for the world. To do so, given the ephemeral nature of government policies and the presence of different institutional logics, it is the job of universities and civil society organizations, such as the international networks aforementioned, to guarantee a threefold mission:

1. To produce consolidated knowledge in theoretical solid bodies that reveal existing initiatives as an expression of the emerging paradigm of abundance; more than an urgent task today, this is our historical responsibility.

2. To provide visibility of the variety and magnitude of such initiatives, their possibility of replication and transfer, inside and outside their countries and regions.

3. To show that an alternative development model should articulate system-wide initiatives, in their various stages of the economical cycle (from credit
...to production—marketing—trading—consumption and recycling), until it gets its inclusion in public policy.

An inspiring example that illustrates a systemic approach of Solidarity Economy, including social currencies as a core instrument, is the Technological Incubator of Popular Cooperatives of the Getúlio Vargas Foundation (ITCP FGV), which operates both in the academic field and in training and consulting as a support to the whole process of social inclusion. This organization addresses several types of groups, with very low-income “homeless” men and women wandering in the megalopolis of Sao Paulo (Brazil), providing them gradual possibilities of microcredit in social currency offered at public markets in which they can immediately participate learning how to esteem the value in their “hidden abilities.” At the same time, ITCP offers training and loans to unemployed people willing to integrate small self-managed cooperatives in order to break the individual approach to social inclusion. Being part of a prestigious university, ITCP may work with public administration initiatives, private enterprises, and NGOs; such as the case of its partnership with “My Street My Home, Associates” (Associacao Minha Rua Minha Casa), which assists people living on the streets of Sao Paulo.10

At the supranational level, existing international networks of Solidarity Economy currently have critical mass to engage new actors in financial strategies and instruments being developed in Latin America. This applies particularly to the recently created Banco del Sur (Southern Bank), whose institutional chart has just been signed by the twelve countries of UNASUR (Spanish initials for Union of South American Nations) and will allow up to $60 billion in loans to the countries of the region (Ugarteche 2009). This initiative was launched several years ago, and in 2009, there were bilateral agreements to eliminate the U.S. dollar as an intermediate currency between Brazil and Argentina; direct transactions have taken place without the intervention of official currencies. Venezuela has accomplished so with Argentina and Uruguay, providing oil in exchange for technical assistance, pregnant heifers, and wool, anticipating the operation of the Sistema Único de Compensaciones Recíprocas (SUCRE).11

The first transaction of this system was announced on October 20, 2009 by the Presidents of Venezuela and Bolivia: the Bolivian state company will buy mobile technology from Venezuela for a million dollars, and Bolivia will export wood, food, textiles, and handicrafts, among others. In a clear strategy to break the dependence on the U.S. dollar, the SUCRE may be used after 2010 in all countries of UNASUR.

These are the legitimate spaces for the Solidarity Economy initiatives of the region to articulate systemically and promote meaningful exchanges, both inside and outside the countries.

It is thus time to begin the integration of the different initiatives, such as self-managed cooperatives that may have access to credit in official and social currency, allying strategies of local development and participatory budgeting in
their agenda as part of a development model aiming at the distribution of wealth. Never before now were Solidarity Economy initiatives as ripe for change at the micro, middle, and macro levels.

The challenge is on both sides: for new workers collectively organized and also for public administration leaders to understand the implications of Solidarity Economy as an alternative that goes deeper into the core issue of the system. It has already proven to be viable, sustainable, and a more equitable alternative to neoliberal capitalism.

Therefore, we will consider the strategy of the passage from the shortage of money to complementary currencies as a first step and to social currencies as a second one as an essential instrument of local solidarity finance and a critical tool in the construction of a new development model.

**Complementary Currencies: Establishment and Operation Today**

Although various types of complementary currencies are not always clearly differentiated, we understand it is relevant to see them that way in the context of these reflections. According to Blanc (1998, 2006), complementary currency initiatives are no exception in national exchange systems but rather the rule: the author describes 465 different initiatives to the national currency in 136 countries in the world, only in the period studied between 1988 and 1996. Although these figures are self-evident, further information can be found online.12

It is possible to rescue experiences on complementary currencies backed by innovative economic theories, such as that of Silvio Gesell (1918) and since the early 1930s, when the Great Depression led to a crisis on a global level. A unique case, not repeated, took place in the small town of Wörgl in Austria, where a negative interest currency was used for two years and reduced unemployment significantly. However, its multiplication was considered “inconvenient” by the Central Bank of that country, which prevented the spread of the phenomenon. It is not possible to assert then that such initiatives have flourished. The same happened sixty years later in Brazil, in the small village of Campina do Monte Alegre, State of São Paulo, where a local currency operated for two years until the Brazilian Central Bank intervened and terminated the initiative.13 The research on this case is still in progress.

Since the 1980s, we owe to Canadian Michael Linton the implementation of the first nonmonetary exchange system in Comox Valley, BC, called the LET’S system. It was a mutual credit system in which registered accounts were made in a central payroll and/or “checks” issued. Participants could be companies or individuals, and under certain conditions, they exchanged products and services, keeping positive and negative limits, within preset balances.14 In the decades that followed, the system multiplied in Australia, New Zealand, and Northern Europe, and in France, it acquired particular characteristics, taking the name of Systèmes d’Échanges Locaux (SELS), paraphrasing salt (sel in French means salt) that once was common currency in payment systems and the origin of the word “salary.”15
It was in 1992 when in the U.S., there appeared the first system that used “bills” as complementary currency, issued by a community organization led by Paul Glover, an ecologist and urban planner who guessed that the notes would penetrate deeper into the social imagination and could better show the meaning of the initiative. The currency was named “hours,” and the place was the City of Ithaca, New York State. We personally visited them in 1999, and the system still remains, cultivating the motto “In Us We Trust,” replacing “In God We Trust” present in the official currency.16

Twenty years after the pioneering initiative of Michael Linton, we may consider that there are CCSs and social currencies in all regions of the planet. Although their development has been uneven, the overall numbers clearly speak of a well-established phenomenon inside the current financial system.

As a paradigmatic case, little known in depth but noteworthy for the figures it reached and the results achieved, we will analyze the case of Argentina, where networks of barter clubs with complementary currencies (“credits”) reached a very significant number of people, which is about 35 percent of the economically active population of the country, or around six million people.

Its importance lies in that it began as a CCS that when users took control, social currencies ruled: barter clubs began to be managed in a decentralized manner, each initially issuing its own currency and then articulated in regions, all democratically governed through monthly meetings with representatives from across the country.

In 1995, it appeared in the village of Bernal, Buenos Aires Province, the first “barter club,” as an initiative of a small group of environmentalists who—according to their own statements to the media—simply aimed at “doing good business” to deal with rising unemployment that affected the country and themselves. Instead of sending royalties abroad, as was the case of the multilevel marketing systems then in vogue, promising enormous fortunes to the project leaders, they intended to adapt the successful networking system, introducing it as essential cunning to deal with the production and consumption capacity of the same participants who were idle for lack of money. In contrast to the inspiring system, they sought not to use high-cost products for the majority of the population was undergoing rapid impoverishment. This was one of the keys to the initiative: every one could bring whatever product or service he or she was able to deliver, or even idle-used objects, being necessarily a “prosumer” (both producer and consumer) since the “money” earned should be spent in the same “club” (Primavera 2000, 2001a).

Thus was born the first “barter club”: in times of a “structural adjustment” imposed by the World Bank (WB) and the International Monetary Fund (IMF), within a national monetary policy that for a decade fixed parity of the national currency with the U.S. dollar, shrunk the state in critical areas as health, education, and public services, privatized (even successful) public enterprises, and deregulated and opened to the world economy. As one could expect, the result was the destruction of domestic industry, the deterioration of the health and education systems, once the best in the region, plus a free fall of wage
employment. Hence, the fertile ground for entrepreneurial, economic, financial, and—why not?—political innovation.

It is also important to remember that more than ten years before the emergence of barter clubs, Argentina began its extraordinary adventure in the monetary field by creating provincial bonds—also called “quasi-currencies”—issued by provincial governments to consolidate their finances, which would attain nineteen different ones in the whole country. The pioneer was Salta province, which passed in 1984 Law 6228, issuing bonds for debt cancellation by the equivalent to $1.5 million, lasting for three years and inspiring other provinces.17

The situation of shortage of liquidity caused by the “structural adjustment” imposed by the WB and the IMF made the example multiply rapidly to other provinces. In the decade of the 1990s, when monetary pluralism invited people from around the world to observe the “Argentinean phenomenon,” there were often found in small and medium businesses inscriptions such as: We accept pesos, dollars, provincial bonds and “créditos,” the latter being the complementary currencies of the existing barter clubs since 1996.

It is in this context that we must understand the rise of barter clubs in Argentina: a group of underemployed professionals is inspired by an innovative marketing system that began to grow in Latin America in the 1990s, and whose main business was to form networks of distributors and consumers for a multinational company. Instead of importing expensive articles, they would bring the idea of the “prosumer,” coined by Alvin Toffler (1980) in The Third Wave, meaning that all participants should necessarily be producers and consumers in the network. The first “barter club” (so called to avoid taxation of transactions) was then founded by 23 workers in a garage in Bernal exchanging self-produced goods and services.18 Strictly speaking it was really an exchange group and not a barter club insofar as some sort of “currency” was involved.

In view of the ease of replication of the system and the impossibility to control what was happening around the country, due to the lack of efficient registration and accounting procedures, it was soon appropriated by differently motivated groups, which began taking control over the issuing and distribution of their “currencies.” Hence, the very meaning of the original project focused on business shifted to the creation of a self-managed market aiming at social inclusion (Gomez 2009; Primavera 2000, 2001a).

Since the beginning, there were outlined at least three very clear trends within the barter clubs: groups of purely business purposes, where the benefit of some was the main focus; groups of clearly social and political purpose, where participatory democracy and equitable distribution of wealth was the main focus; and those which were believed to be “neutral” and adapted the same norms according to their convenience. That was how a business project of a few people turned into a political and social project for many.

In mid-1996, we established our first contact with the founding group of the Barter Club during an extensive television broadcast. From the University of Buenos Aires and the Laboratory for Social Innovation (LIS), several organiza-
tions were working on building a knowledge-sharing network named Environmental Sanitation Engineering Research Network (REDISA) (Primavera 2003, 2006) inspired by the French initiative carried out by Marc and Claire Heber-Suffren (Joly and Sylvestre 2004). The difficulty encountered with this innovative strategy was that once knowledge was exchanged, the group disbanded. As the focus of our work was the inclusion of at-risk populations (young people opting for addiction to drugs, kids living in the street, unemployed and the elderly), the issue of link building was essential to the permanence in the time of groups.

On the other hand, social and cultural asymmetries among participants were so deep that that made it difficult keeping groups alive. After visiting some barter clubs in Buenos Aires, we decided to add to our knowledge—exchanging networks, the exchange of products and services, as a way of promoting a permanent practice in mixed groups, avoiding the labeling of participants. It was also a way of “universalizing” social practices, within a public administration that was mainly “focalizing” social policies.

Furthermore, we verified that the heterogeneity of management in barter clubs was important: some were extremely democratic and held participatory structures, while others had efficient coordinators, who managed all rules and information. It was clear there was no organized training system to move forward the initiative as a political project rather than an entrepreneurial one.

Thus, there was created out of the LIS, the first “node” of the network undergoing a permanent training process: the Economic Literacy Program was launched on December 7, 1997 and Node Obelisk remained as a cornerstone in the Solidarity Barter Network (Red del Trueque Solidario, RTS) during the following decade, in Argentina and beyond. At the same time, the previous “Global Barter Network” (Red Global de Trueque, RGT) added the exchange of knowledge to products and services, and started a renewal of management of their barter clubs, aiming at a democratizing process all over the country.19

**Development of Argentinean Barter Networks**

The most important quantitative aspects in the development and evolution of barter networks in Argentina can be briefly summarized as follows:

1. From 1995–1997, the first barter group of 23 people in Bernal expands into a network of around 30,000 members in nine provinces of the country.

2. From 1998 to 2001, based on the projection of the distribution of barter tickets or “credits,” some 100,000 people were reached. In 1999, we proposed these tickets be called “social currencies,” given the political emancipation they caused, beyond their use as a financial compensatory instrument to overcome shortage of money (Primavera 1999, 2001a, 2001b, 2006). Only in late 2000, did the RGT (Global Barter Network) and RTS (Solidarity Barter Network), the two major networks, separate because of the impossibility of coexisting: maximizing benefits for a few ones (RGT) versus maximizing distribution of wealth and power for all members (RTS).20
3. From 2002 to 2004, in mid-2002, the Gallup International polling firm estimated six million people, out of a total population of thirty six million, were practicing some form of bartering within the Argentinean organized networks. In September 2003, the numbers had dramatically fallen by 85–95 percent across the country and in all networks.

4. From 2007, recent studies show that about 100,000 participants are again engaged in small- to medium-sized groups that have not been regrouped in the huge, centralized networks of the previous decade.

Although the figures earlier are impressive because to our knowledge, they have not been achieved since then, neither in Argentina nor in any other country, it is important to recognize some qualitative aspects often neglected in most academic and journalistic approaches. At first sight, these numbers often relate the barter system crisis to the financial collapse of December 2001. Nevertheless, more accurate knowledge of political aspects of the barter networks situates its crisis exactly one year earlier: it is in December 2000 that the Small and Medium Enterprises Secretariat (SEPYME), an organ of the Ministry of National Economy, signed a framework agreement with the founding group (wrongly), recognizing it as the legitimate diffuser of this “social franchise” for the whole country. From then on, the democratic foundations of decentralized networks that had been operating nationwide for over five years began to crumble. Although the mistake was acknowledged, only a few months of working the “global network social franchise” was enough to produce over-issuing, sale and falsification of their “national currencies,” which undermined the confidence of participants across the country and beyond.

Until that moment, there had been significant support from provincial and local governments as well as through initiatives of the National Congress to regulate the operation of barter networks by controlling issuance, distribution and use of their “social currencies.” However, the national crisis of 2001 ended the most important and successful initiative of social currencies that far, in the field of complementary currencies managed by communities. (Primavera 2003; Schuldt 1997).

Perhaps the least visible and still most significant characteristic of Argentinean barter networks was self-management at different organization levels: monthly assemblies of “nodes” (barter clubs), articulated with monthly assemblies of regions, articulated in turn with monthly assemblies at national level. These regular meetings were part of RTS (Solidarity Barter Network) and allowed to govern from the bottom–up, defined all aspects of functioning in the work, and kept alive the political project of “social justice and distribution of wealth.” It was studied in detail by Powell (2002) and especially by North and Huber (2004), just previous to the general crisis of barter networks. Other academic works, such as Hintze’s (2003) and Coraggio’s (1998) did not take into account such aspects, and one exception may be the one by Gomez (2008) in her PhD dissertation on Making Markets. The institutional rise and decline of the Argentine Red de Trueque,
which included a systemic approach, not limited to economical figures but also dealing with anthropological and individual issues as well.

Furthermore, it is important to mention the process of diffusion of this model to other countries in the region, which goes, in a sequential order, from Brazil to Uruguay, Chile, Ecuador, Colombia, Peru, Bolivia, El Salvador, Honduras, Paraguay, Cuba, and Venezuela. In any case, the figures were never similar to those in Argentina, and it remains to be explained why the collapse of these networks triggered almost all of them.

One exception occurred in Brazil, where the first barter club, inspired by the Argentinean model, was created in 1998 in Sao Paulo and still persists as an initiative of reference, a grassroots self-management model, without the support of public administration or NGOs. It was subsequently disseminated to other state capitals in the country, including Rio de Janeiro, Curitiba, Florianópolis, Porto Alegre, among other cities, and in 2004, the First National Barter Groups Meeting took place, supported by the national government. While there are no recent official statistics, it is estimated that more than 200 local currencies exist in different exchange systems; most of them are self-managed by community organizations and/or universities.

In May 2000, as a member of the LIS (University of Buenos Aires), we introduced the Argentinean model of barter clubs in the First Meeting of the Brazilian Network of Solidarity Economy in the city of Mendes, Rio de Janeiro. This was the occasion on which we met Banco Palmas and its particular micro-credit system, implemented since 1998, in a slum on the outskirts of the city of Fortaleza, Ceará, one of the poorest in the Northeast. A few months later, we were invited to assist the implementation of its pioneering currency, the palma, put to life with a lot of enthusiasm of the local leaders. The results were relatively poor, mainly because the population could not yet fulfill the necessary condition of “prosumers”: they could not buy (or were not interested in) their own production, mainly crafts and clothes, and everybody needed mostly food.

Two years later, during the second edition of World Social Forum in Porto Alegre, a new partnership with the Dutch NGO Strohalm, the LIS, and Banco Palmas was signed, and a new chapter in the history of monetary innovation started. Strohalm invested in the Fomento Bonds Method, which can be understood in detail online. The aim of the Fomento Bonds Method was twofold: to introduce a new community currency with larger acceptance than the existing palma and to involve people in the community in a project they were potentially interested in and in which they could be proud of achieving things beyond their involvement as workers (Primavera and Ramada 2005).

This was the origin of the community currency palmas (that was printed in Argentina) and the method implicated both the acceptance of palmas as payment to workers involved in the construction of a modest building to be used as a school for Solidarity Economy training (Palmatech), and the acceptance by Banco Palmas of this currency as part of payment of loans made in official currency to some strategic partners, such as cafeterias and suppliers of bricks and
cement to be used in the construction. The project was successful and evaluated by a local university as a leading case.

However, Banco Palmas would not remain there and the use of its local social currency—the palma—was to evolve dramatically and be integrated to the previous microcredit program, extending to a broader use in the local community, with a partnership of critical products and services such as public transportation, gas for cooking, fuel for cars, and local fast-food cafeterias. The key to this new project—a community bank with a local social currency—was the approval of the National Secretariat for Solidarity Economy (an organ of the Ministry of Labor and Employment) and the Social Innovation Award given in 2006 by the Bank of Brazil (http://www.bancopalmas.org). Three years later, there were fifty-one community banks in different regions of Brazil, and an agreement has been recently signed between the Central Bank of Brazil and the Ministry of Labor and Employment to study the conditions of issuing local currencies. If we consider how long it takes any social transformation to become institutionalized, this is what we may call a viral propagation of social innovation.

Solidarity Economy initiatives in Latin American are exceptionally innovative both in their format and in the promotion of partnerships with other local groups. Considering the importance of the current Brazilian experience that has been inspired by the Argentine model, it is useful to analyze similar initiatives that are being developed in Europe in order to check how far they have gone and which elements may be inspiring to each other.

In France, the SOL Project, promoted by the Equal Program of the European Union Fund, just completed its third year of implementation, and the results are quite promising. It was the outcome of a long process that started at the international congress on social money held in Paris in 1996. An informal working group was created to examine the different kinds of social money systems existing in the world. This group included, among others, experts such as Patrick Viveret (2002, 2004), a philosopher and author of important studies on Reconsidering Wealth and the French Cooperative Chèque Déjeuner Group, which was in charge of the development of a special software to the chip card carrying the social currency named SOL (for Solidarity). The sol was designed to allow more people to take part in processes of exchange, to launch economic activities and to access a range of social and environmental goods and services. The SOL Project aimed to give back money to fulfill its function of being a means and not an end in itself; reconcile the economy with ethics, politics and the environment; make the products and services offered by Solidarity Economy more visible (by creating a brand); build loyalty among the members and customers of Solidarity Economy organizations; and support the development of Solidarity Economy initiatives and its links with local authorities.

The project was implemented in four regions of France (Paris, Brittany, North of France and Alsace), and its main innovation is social rather than strictly technological. In the future, the performance of Brazilian and Argentinean strategies of Solidarity Economy will certainly be inspiring lessons from the South.23
In Germany, the so-called region system gathers around twenty different currencies, backed by euros and mostly supported by NGOs, and aims at promoting the reactivation of local economies.24

Last but not least, the Swiss WIR Bank, created in 1934 during a period of the worst economic depression of the last century, continues assisting around 70,000 users in transactions that do not use the official currency. Recent econometric studies show the countercyclical effect of this virtual currency, considered as partly responsible for the resilience of the Swiss economy (Stodder 2007). Anticipating a revival of the 2008–2009 financial crisis, several countries are considering implementing the WIR Bank system on a local basis.25

The diversity of financial mechanisms we have been considering earlier does not address the field of economic or monetary theories but rather shows ongoing pragmatic initiatives that can be articulated synergistically to face a major crisis that according to most analysts, is far from being overcome.

In this sense, we may assert the following:

1. The current crisis is not just a financial or economic challenge to an extant system, but a challenge to the neoliberal paradigm questioning the feasibility of its operation to solve its inherent problems: all successful external “innovations” do not belong to the system so they will necessarily break it (Primavera 2006)

2. If we are engaged in changing the current state of things, we should address our efforts to produce radical social transformation, which requires courage and systemic rather than localized strategies of intervention. The whole set of “innovations” mentioned in this essay emphasize the need for a coordination of different social actors such as public authorities (Brazilian Network of Community Banks, the SOL Project of the European Union, the National System of Barter in Venezuela), nationwide civil society organizations (Solidarity Economy networks in Argentina, Brazil, Chile, Ecuador, Peru, Colombia, Canada, United States, France, Spain), international networks (RIPESS, Alliance 21, Business Alliance for Local Living Economies, and financial organizations such as Bank Wir, Groupe Cheque Déjeuner, International Reciprocal Trade Association, among cooperative banks, and Solidarity Finance institutions (International Association of Social Finance Organizations, Banca Etica, Finance Alliance for Sustainable Trading, Rabobank Group).26

The challenge remains to coordinate different social actors, ongoing projects, and initiatives to allow new forms of living and exchanging, in the field of finance, within and outside the Solidarity Economy.

Creating a Permanent Bond of Social Currencies and Solidarity Economy

So far, we are witnessing a very wide range of “monetary” innovation in our everyday life, such as existing complementary currencies as bank checks, sales coupons, company’s coupons, loyalty cards, airline miles systems, luncheon
tickets, and so on. The newest complementary currencies are those we called social currencies: they are created by the users themselves to allow exchanges; they produce no interest, which avoids accumulation and excludes speculation! This is certainly quite a difference: to consider them social, instead of antisocial (Olivella 1991; Primavera 2001b).

On the other hand, we are living in a great number of “economic” innovations in the world of work: new forms of production, consumption, access to credit, tax policies, recycling of used products, sharing services and products out of the market. What separates these two innovations? We believe they are mainly separated by theory because until now, there was no theory at all for them.

To our knowledge, with the exception of the aforementioned National Secretariat of Solidarity Economy in Brazil, whose secretary is a renowned academic, to this day, social currencies have not been legitimized within the Solidarity Economy field, possibly because of inadequate understanding of its meaning. They are mainly seen as instruments of “correction” of liquidity for those who cannot operate another way, a sort of “second choice” money!

What matters here is that social currencies are often ignored as a tool to rescue the paradigm of abundance, which they are, in a deep sense: the most political expression of subversion of the economy, the act of issuing one’s own currency as a means of exchange and not reserve value; a way to return power to producers and consumers—the real economic actors that have been displaced by current finances for the benefit of speculation.

For the same reason that Solidarity Economy initiatives in practice compete among themselves for resources for their survival, social currencies, when misunderstood, are in an obscure place that does not allow its appropriation as a legitimate tool, useful and needed by cooperatives, fair trade initiatives, and responsible, ethical consumers.

Lacking a systemic vision of economics, initiatives of Solidarity Economy remain isolated from each other and may not be part of a whole process of transformation. Cooperative enterprises require the expansion of their efforts for new practices of ethical consumption, performing fair trade with each other, ethics and responsibility toward the environment, and the use of new social currencies to succeed in the construction of a new development model.

One of our main, strong statements resulting from two decades of research is that as long as Solidarity Economy initiatives will not be system-wide articulated, both in their territory and including every stage of the economic cycle—credit, production, marketing, consumption and recycling—social currencies will not be fully realized as an instrument of radicalization of democracy and redistribution of wealth.

How to Stimulate Reasoning, Practical Proposals, and Scenarios?

It is important to remember that our first approach to “barter clubs” in 1996 was absolutely instrumental: we mainly sought a strategy of inclusion for vulnerable social groups placed inside the map driven by neoliberal forms of
“structural adjustment.” However, the observation of social relations inside this new form of economy, in which official money was not necessary and “social currencies” were produced as much as needed, showed us a hidden universe of abundance: everything was possible when another form of money was available, when trust and responsibility were part of the new rules of the game, and when value and price could be discussed inside a frame of cooperation and solidarity instead of greed and competition. Behavior does not change all of a sudden but is often learned by imitating leaders and entrepreneurs.

There were two keys that led us to a radical change of approach in relation to the complementary currencies used in barter clubs:

1. The units used there were never scarce; they were always enough: you could “buy and sell” with social currencies or not, pay cash or get financing because trust was the raw material for the groups that met regularly. There was then abundance without waste, “sufficient” abundance as it is called sometimes. That would characterize the paradigm of abundance—the flow that promotes cooperation rather than competition, the tranquility of what today could not be obtained would come in the near future.

2. When someone accumulated social currencies and did not need them, these were lent to someone who needed them and returned without interest. Sometimes the “excess” of money produced by daily activity was offered to an emergency or collective initiative. Sometimes, prices were lowered because the “client” had not enough. How was this possible? Maybe because that money was much easier to produce? Maybe because it was not useful to save? Our practitioners never asked why interest was absent; they seem to understand social money is not a commodity better than finance ministers and bankers. Incredibly, small groups were self-governing, efficient, and self-sufficient.

The most important theoretical contributions to the broadening of our horizon of social money are drawn from three primary authors:

1. Silvio Gesell (1918), a Belgian businessman, self-taught economist, author of a work as monumental as little known outside the specific universe of complementary currencies called *Die natürliche Wirtschaftordnung durch Freiland und Freigeld*, or in English, *The Natural Economic Order for Free Land and Free Currency*.† His ideas were not able to be applied in Argentina when he was alive but in the small town of Wörgl, Austria, which significantly reduced unemployment during the 1930s depression and sustained economic crisis.

2. Margrit Kennedy (1995), Kennedy and Lietaer (2004), German architect and city planner with a strong environmentalist vocation, revealed in a pioneering study how the current financial system cannot be sustainable unless it changes its contradictory root at its cornerstone: simple and compound bank interest. Her work demonstrates how the counterweight
complementary currency can aspire to achieve a sustainable medium-term development. At present, she coordinates an ambitious project of over twenty regional currencies in Germany.\textsuperscript{28}

3. The Belgian economist Bernard Lietaer, who worked on the first draft of the European common currency, later deepened into the mysteries of human acceptance of money as “fate,” and found it impossible to change finances and economy without understanding our behavior as rooted in the archetypes of the collective unconscious, as proposed by C.G. Jung. Lietaer (2001; Kennedy and Lietaer 2004) was undoubtedly central to our development of new tools in the paradigm of abundance. For this author, the dominant archetype in old “matriarchal” societies was the Great Mother Earth (Pacha Mama in South America), the promoter of fertility, flow, caring, abundance, and distributional equity. Its repression led to current “patriarchal” societies in which the values shifted to unlimited greed and competition, so familiar in our current financial, neoliberal capitalism.

Drawing on this new theoretical basis, we could redesign the Economic Literacy Program, originally focused on the individual and unemployment, and create another one that aims at building a radical democracy and sustainable local development, with social currencies as a critical instrument. Having its inspiration in an Andean legend, it was called Proyecto Colibri (Hummingbird Project).\textsuperscript{29} An introductory video to this project (with an English version is included) received over 5,000 visits since it was uploaded on the Web.\textsuperscript{30}

The tools that allow us to implement an articulation of Solidarity Economy initiatives with social currencies derive from three key ideas, expressions of the paradigm of abundance, contrary to current common sense:

1. The power game is inevitable, permanent, necessary, and creative.

2. The planet has enough abundant resources to meet the needs of all people in dignity and in harmony with nature.

3. All humans are responsible for themselves and for the whole.

Since 2003, we have included the Hummingbird Project tools in many different projects, particularly within Solidarity Economies and participatory democracy. The results obtained so far and the observation of the aforementioned initiatives (community banks with social currencies, virtual systems of exchange between enterprises, participatory budgeting initiatives) indicates the success and promises of the project.

However, we are now at an urgent moment. We must efficiently place our responsibilities in the center stage to refute the programs that have impoverished us and left us where we are today (Flores, Espinosa, and Dreyfus 1997).

Maybe we still have time to be suspicious of our certainties. We should agree to give another destination to social practices that are an expression of the paradigm of scarcity in the shadows of the Great Mother Earth. We know that
concentrating wealth is dangerous for the sustainability of the human species on
the planet, and too detrimental social practices (maybe unconsciously?) contrib-
ute to it such as the following:

1. The right of inheritance that perpetuates a system of handouts from those
who have not worked to the detriment of those who wish to do so.

2. The simple practice of renting others a house as a means of extracting profits
from people ignores the fact that the planet can provide space for everyone
if wealth is not concentrated in a few hands.

3. Compulsive saving “forgets” that money can be an instrument of exchange
sufficient to promote the common good!

4. Unnecessary, luxurious consumption practices that do not take into account
the responsibility of every citizen with his or her environment and the future
generations.

If Adam Smith could not be critical of the “scarcity” conveyed by the
dominant ideology of his time, now, with the Internet and communications
revolution, where mail chains, social networks, and cell phones may be far more
powerful than the stock market, more and more people recognize every day that
there is “plenty” of everything available for redistribution. It is up to us: if we
really aim at distributing wealth. If we really think we are responsible for this and
for future generations.

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Notes

1. A historical re-construction may be found at http://www.gmlets.u-net.com/.
2. Solidarity Economy Pole: http://www.socioeco.org within the dynamics of the Alliance for a Responsible,
12. For more information, see http://money.socioeco.org/es/documents.php.
14. Update on pioneering initiatives may be found in http://www.openmoney.org.
15. Complementary information can be found at http://www.selidaire.org.
17. See http://www.camdipsalta.gov.ar/LEYES/p19841986.htm. Although no studies have consolidated for all
provinces, data are available at J. Schwarzer and H. Finkelstein (2003) for further rapprochement to the
18. For a detailed approach of the first years of “barter networks” see http://redlases.files.wordpress.com/
2008/02/es1998_reinventando_el_mercado_libro3_hp.pdf (meaning: “Re-inventing the market: The experi-
ence of the Global Barter Network in Argentina”).
19. For more information on the historical approach of the first node led by RedLASES, go to http://
redlases.wordpress.com/nodo-obelisco.
20. The article by Primavera (2002) emphasizes the importance that “Barter clubs must preserve the sense of
solidarity” in the newspaper Clarin (Opinion Section, April 24, 2002) is evidence of a deeper reflection
on ways hitherto little known and scrutinized. The complete version can be found at http://
redlases.files.wordpress.com/2008/02/es2002_diarioclarin_seccion_opinion_hp.pdf.
22. For more information, see http://www.bancopalmas.org.br.
24. Current initiatives from Germany can be found at the following websites: http://www.chiemgauer.info,
25. See also http://www.wir.ch.
27. The original work was written in German and is contained in nineteen volumes; it was translated into
several languages, which became an accessible version in Castilian in three volumes in PDF version in
28. See http://www.m margritkennedy.de.

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