Workgroup on a Solidarity Socio-Economy – Alliance21
Preparatory meeting for launching of the Workshop on International Regulations within the context of a Solidarity Socio-Economy in an era of Neo-liberal Globalization
Tokyo,
October 9-11, 2003.

INTERNATIONAL REGULATIONS AND SOCIAL MONEY : WELL TIMED PERMANENCE OR A BREAK FROM NORMALITY

Heloisa Primavera (Professor of Argentine University, Argentine)

To help initiate a dialogue about the meaning, the possibilities and the limits of social money experiments as part of the construction of a new social order, we will look at the following aspects:

1. **FACTS, ANALYSIS AND RESPONSIBILITIES**
2. **FACTS : WHAT HAS BEEN THE RED GLOBAL DE TRUEQUE?**
3. **ANALYSIS : THE SOCIAL PHENOMENUM OF MONEY**
4. **RESPONSABILITIES : HOW TO MAKE THE IMPROBABLE POSSIBLE.**

Key words * *multiple bartering and social money: a regression to the past or a reinvention of the market?*
* *cognitive blindness -) epistemological inertia -) conceptual irresponsibility*
* *responsibility / imagination: social transformation /status quo*
* *welfare state -) deserter state -) promoter state*
* *new patterns of knowledge: back to roots or disruption of the social order?*

1. FACTS, ANALYSIS AND RESPONSABILITIES

According to the reports of various national and international organisations, in terms of economic growth and the redistribution of wealth, Latin America has just finished a second "lost decade". This persistence would seem to suggest that, either the growth and development strategies that were set up were not the right ones, or that if they were then they were poorly applied and that , throughout the countries in the region….. On the other hand, if we consider the figures from the last United Nations Report on Human Development (1999) and the current discussions in political, academic and social circles, we would have to conclude that it is the very definition of Human Development that is in crisis. It would appear that we are in the process of helping to start a second decade of Post Development theories…

We won't discuss this diagnosis. But we will adopt the proposal of the United Nations to re-invent *a structure of global governing that is committed in the short term to produce more humanity and equality,* in order that the increase in the gap between the richest and poorest does not affect the governing of all nations. This forces us to ask ourselves questions about the *theoretical, political and technical* fundamentals of this proposal, as well as the particular conditions of its viability. And if we wish to pursue this line of reasoning still further — since initiatives that have been concerned with global governing up to now have been of an economic rather than political nature—, we will have to add *ethical and epistemological* arguments as well. The latter are nearly always absent from technical and political considerations, as though they were only a legitimate preoccupation for *politicians*, whilst the former should be the reserve of *theoreticians*, far removed from the "real" world…

Since it is a question of *re-invention*, we intend to have another look at the arguments that are not generally explicit to this type of discussion. Since neither the Report, with its allusions of "technical" neutrality, nor the more obviously political discussions attempt do so, we will start from a specifically

epistemological standpoint that will allow us to be more original in the reinterpretation of the relationship between the state and civil society, in general, and the interpretation of the social phenomenon of *multiple bartering using social money*, such as it is practiced inside the Red Global de Trueque in Argentina and in other countries in the region.

In our opinion, to reach a consensus among social operators – politicians, governors and NGO members- we must examine three basic hypothesis and their consequences within the framework of a critical analysis of the definition and development of social politics:

- *Our way of knowing " reality ";*
- *Our way of maintaining various theoretical principles of observation, diagnosis and definition of action;*
- *The conditions in which we are suggesting a change of the preceding conceptual principles and/or taking responsibility to produce new ones.*

As far as our *way of knowing reality*[1] is concerned, and in accordance with the model of constructivist linguistics[2], we acknowledge that reality is built upon concepts and is perceived from a basis of definitions that we imagine; therefore we must always make a distinction between "events" and their "interpretation", even if we know that human beings have a tendency to consider consensual interpretations as indisputable "facts". Not recognising the presence of concepts in the makeup of reality leads us towards cognitive blindness,[3] which forms the main obstacle to the coordination of action between different social operators. Furthermore, since cognitive blindness is always part of our own makeup, in so much as we are unable to know *all* the distinctions through which different social operators construct their "reality", the only thing we are in a position to do…is to take it into account and open ourselves to new descriptions and diagnosis, which are based on "other" distinctions than our own

Acknowledging this phenomenon allows us to understand why we tend to defend certain conceptual principles, - necessary, suitable or which we can't do without – for coordinating our actions, without taking into account the legitimacy – not only political but cognitive as well – of others. Maintaining this tendency leads to another variation of cognitive democratic pluralism, epistemological inertia, which exerts an enormous influence at the birth of a new consensus.

Finally and as a consequence of the first two - which, considering their collective nature, we will dare to call "corporate pathologies"- a third tendency arises that we must necessarily accept if we wish to reply to the challenges posed by social politics, nurtured by epistemology and ethics: conceptual irresponsibility to which we adhere when we leave it up to other collectives to criticise or create new concepts for understanding and acting on reality

If we agree about the importance of establishing the distinction between "events" and "interpretations" and if we take the figures of The United Nations report mentioned above, we have to acknowledge that in Latin America we are faced with certain incontestable "facts":

- *Significant increase in levels of poverty;*
- *Worsening of inequality;*
- *Upsurge of urban criminality;*
- *Acceleration of inequalities in the face of accessibility to new information technologies.*

And we can interpret these "events" in different ways:

- *This social order is unjust and should be changed, even in the benefit of economic growth itself.*

Or

[1] We only intend to sketch out here arguments that give rise to thought, arguments that we have initiated within the framework of our research on the phenomenon of bartering.

[2] This school of thought is clearly represented in works as diverse as those of the Santiago school (Humberto Maturana, Francisco Varela and Fernando Flores), and from the now classic work of Paul Watzlawick and Ernst Von Glaserfeld during the 70's and more recently that of Michel Callon and Bruno Latour.

[3] Notion developed by Flores, F. (1997)

- *This social order is unjust, we must and can change it, even if we don't know exactly how.*

These two interpretations, which correspond to two distinct attitudes, imply equally distinct obligations. Without doubt the second is more familiar to biological theoreticians who know the minute probability that simple atoms had to combine and form the first macromolecules. It is from this first improbability that one day life emerged, and it is this which allows us to speak about it today. In the same way, we hope that the situation that we are going to show is capable in its turn of provoking the improbable – *but in the improbable, the possible is hiding*-. However these alternatives that we are looking for require a sense of responsibility with respect to the totality, responsibility that we have omitted to accept up to now, concentrating on activities that are more and more specialised, each in our own way and in a manner altogether Cartesian. Perhaps all that we lack is a little *imagination* to create new strategies, and *courage* to put our creations into practice. Thus acted the participants of the first Barter Club in Argentina, hardly five years ago. As did the protagonists of the Participative Budget in Porto Allegre in Brazil eleven years ago. Or then again the Grameen Bank in Bangladesh seventeen years ago

2. EVENTS: WHAT HAS BEEN THE "RED GLOBAL DE TRUEQUE"

It was on the 1st of May 1995 that a group of ecologists, worried about the impact unemployment was having on the quality of life, created the first Barter Club comprising twenty people, in Bernal, thirty kilometres from Buenos Aires in Argentina. Every Saturday, group members met to exchange their products (at the beginning, bread, various foodstuffs, fruit and vegetables tarts, handcrafts and afterwards, services, dental care, hairdressing, massage, therapy etc,). Some months later the first club opened in Buenos Aires, then in the north of the city and then, one year later, a television programme gave a great impulse to further growth which up to then had been rather slow and lead by the early pioneers. The accounts, which from the outset had been recorded in a centralised notebook, were soon computerised because of increase in transactions. Sometime later a system of cheques was set up – similar to the French SEL system. However they only last a few hours; in effect quickly these "cheques" are "endorsed" and used for other transactions, people knowing each other and the vouchers coming from a friend or trusted acquaintance. This was how the first " ticket trueque" (an exchange voucher) came into being, which was transferable to anyone that was part of the system. Right from the start these units were called "credits" because of their association with the trust that existed between participants. On becoming a member of the club, each participant would receive the same number of "credits"; thus encouraging and greatly multiplying the speed of transactions. Since everyone receives the same number of credits, the initial "equality" surprises new members, and at the same time stimulates the creation of new clubs.

Thus it was that two years later it was possible to find groups organised in different regions of Greater Buenos Aires as well as in the interior of the country. A form of administration linking the groups soon turned out to be necessary, in view of the complexity of the exchanges that took place between clubs: and the Barter Red came into being, the "clubs" starting to call themselves "Nodos"(knots). This "central government" enabled equality to be maintained between the groups and the members of those groups. Geographical conditions lead to the creation of the Network so that transactions could be controlled more easily.

The founding group defined some ethical principles, but without doubt each autonomous group has freely interpreted them. Today there exist a great number of interconnected groups but also many others, completely independent from the founding group. Although the media was responsible for the initial spread of this initiative, it was the city government of Buenos Aires that provided the first State support: firstly from the Department of Social Affairs and afterwards from the Department of Industry, Trade and Commerce. This attitude encouraged other towns to do the same and five years later there are more than forty that have given their backing to similar initiatives, in one way or another.

Three years after its creation, the Red Global de Trueque, already comprising more than 1000,000 members, was invited to Helsinki to show its experiment to other community initiatives that shared its form of resistance to economic globalisation. The members of the Network therefore started to see their "success" (speed of growth, numbers of active members, for example) in an entirely new light. Various training systems were set up; diffusion throughout other Latin American countries began on a systematic

basis, all within the context of creating a "critical mass", a political visibility, variety in the experiments and to join together with other forms of the Economy of Solidarity.

Five years after its creation, the RGT is represented in 14 Argentinean provinces and 9 other countries in the region: Uruguay, Brazil, Ecuador, Colombia, El Salvador, Canada, Peru, Chile and Bolivia. Even if the calculations are not exact, there are an estimated 400,000 active people just in Argentina, with transactions that provide, on average, between one and four minimum wages (about 300 US dollars) per family; public tax returns have multiplied and a judge has even authorised the payment of a living allowance in…social money! The national government has committed itself to promoting the system of multiple bartering using social money as a development strategy for small and micro business. After the creation of the ***Latin American Socio-economic Solidarity Network (RedLASES)*** in 1999, whose goal is the diffusion of multiple bartering and other forms of the Economy of Solidarity, and at the end of the first World Social Forum that took place in January 2001 in Porto Alegre (Brazil), a ***Global Socio-Economic Solidarity Network (Red Global de Socioeconomía Solidaria - RGSES)*** was set up in which social money is considered as a complimentary strategy with other economic, cultural and social forms of neo-liberal globalisation resistance, a strategy capable of rebuilding the social fabric, from the bottom to the top…

3. INTERPRETATIONS: ON THE SOCIAL PHENOMENON MONEY

Comparison with similar experiments in other parts of the world (Ithaca Hours in The United States, Canadian LETS schemes widely adopted in Europe and Australia, the French SELs and the Mexican Tianguis), enables us to define four principle characteristics of the "Argentinean model".

- Issuing of *social money* used from the outset by the groups;
- Development of a *permanent user-friendly system*, with regular weekly meetings, which allows a strong identity to build up in the little groups, in which all the *producers* are at the same time *consumers* and transactions contribute to the creation of new social relationships.
- Open configuration within the RGT, with few shared rules and a great deal of group autonomy, everyone able to select their own manner and style of functioning. In general members of the system express a double loyalty: to their original "knot" and to the global network.
- The "nodos" organise themselves into regions and these into a national level, all the time respecting ethical rather than regulatory principles. Only monthly meetings and one or two "assemblies" per year are used to establish these different links and create consensus. Social money administration problems take up a huge part of the life of this enormous "virtual social enterprise" which deliberately avoids central leadership.

Despite the existence of similar experiments in all sorts of contexts, it is worth stressing that the Argentinean experiment was born independently of the others. It is the "communication explosion" principally through the Internet that has enabled the RGT (Red Global de Trueque) to benefit from the strategies of other groups, and thus was able to share its experience with "La Otra Bolsa de Valores" of Mexico, the Ithaca Hours in New York, the heirs of the Canadian LETS, the French SELs and the Dutch Noppels. A surprising effect of this contact has been the increased trust in the value and legitimacy of local experience…When we wonder how the Argentinean phenomenon occurred, there are many that acknowledge the weight of the programmes of structural re-adjustment imposed by multilateral organisations. But if we wish to go further in our understanding of the particular circumstances surrounding the emergence of social money, it is obvious that there were more creative inspirations than those that could come from economic, anthropological or social theory. Hereafter you will find " the principles" of consensus between the various groups that were able to "re-invent the market" and afterwards, some elements and two texts that have been sources of inspiration for new practices, open to change and looking for new ways.

PRINCIPLES OF THE RED GLOBAL DE TRUEQUE

1. *Our achievements as human beings can not be conditioned by money..*
2. *We are not trying to promote articles or services, but to mutually help ourselves to obtain a higher meaning of life through the intermediary of work, mutual understanding and equitable exchange.*

3. *We maintain that it is possible to replace sterile competition, selfish gain and speculation with mutual exchange between people*
4. *We believe that our actions, products and services can respond to ethical and ecological norms, rather than the diktat of the market, consumerism and the quest of short-term benefits.*
5. *The only conditions to which members of the Red Global de Trueque are bound re: to take part in periodic group meetings, to be involved in training programmes, to produce and consume goods, services and knowledge available within the Network, in the spirit of the recommendations of the various Circles of Quality and Mutual Aid.*
6. *We maintain that each member of the group is individually responsible for their actions, products and services.*
7. *We consider that belonging to a group implies no form of dependent link, given that individual involvement is free and extends to all the groups in the Network.*
8. *We maintain that groups must formally organise themselves in a stable manner, given that the nature of the entire network presupposes a permanent rotation of roles and functions.*
9. *We believe that it is possible to combine group autonomy in the administration of its internal affairs with the fundamental ethical principles of the Network.*
10. *We consider it unadvisable for Network members as such to guarantee, sponsor or support financially a cause outside the Network, so as not to loose sight of our fundamental objectives.*
11. *We maintain that the best example that we can offer is our conduct inside and outside the Network. We recommend that confidentiality be maintained on conflicting situations within the groups, just as on issues that relate to the development of the Network.*
12. *We profoundly believe in the idea of progress viewed as a consequence of the lasting well-being for the greatest number of people throughout society.*

During recent years inside the Latin American Socio-Economic Solidarity Network a 13th principle, sufficiently polemic and covering certain themes held to be "taboo" within the RGT, where the "organisers" were not recompensed for their organisation, has been about to be adopted or at the very least discussed. A deep discussion on the role of volunteer help has been established and this principle has started to be accepted in a number of situations, which acknowledged that its absence encouraged "corruption" practices very similar to those in political life….

13. *In the Economy of Solidarity nothing is wasted, nothing is volunteered, everything is recycled, everything must be paid for, and everything is divided in equal conditions!*

Although in the early years of the RGT it was important to make a distinction between the instrument of exchange (the "credit") and money – not least to avoid the danger of falling into the desperate clutches of the taxation department – some areas of theoretical thought, such as " the Economic Journal of Non-Money" in April 1998, to which well known academic authorities had contributed, increased the interest for the social phenomenon that is money. This is suggested in Ernesto Sabato's text -*money is just an absurd promise*- an extract from his "Report on the Blind" 1955, thus opening both within and outside the Network a new door for semantic and epistemological discussion.

« We began to walk towards the Street Cangallo… »

« The silence and solitude possessed the striking presence of the Bank district at night time. A lonelier and quieter district in the evening than any other, probably, because of the enormous contrast to the violent effervescence that you find there during the day; the noise, the swarming, the constant fussing, the crowd that bustles about during office hours.

But also, very probably, because of the holy solitude which reigns in these places when money is at rest. When the last manager, the last employees have left, when this trying and somewhat ridiculous task is finished, during which some poor fellow who earns only a little money watches millions pass through his hands, so that veritable crowds deposit, with infinite precautions, little pieces of paper with magical powers that other crowds withdraw at other counters, with the opposite precautions…

Procedures tinged with delusion and magic, even if they – the believers - consider themselves to be realistic and practical people, since they accept these rather dirty pieces of paper, where, with great attention, you

can make out a sort of absurd promise, according to which a man who doesn't even sign it himself undertakes, in the name of the State, to give no one knows what in exchange for the little piece of paper.

What's strange is that these individuals are happy with a promise, since nobody, that I know, has ever demanded that this undertaking be fulfilled. Even more amazing, is this other paper – even dirtier – but even more absurd – by which another man promises to exchange a certain quantity of these dirty little pieces of paper: a bit like madness but squared.

And all this in the name of something that no one has ever seen and which – it would appear – remains deposited somewhere, above all in the United States, in some steel caves. Moreover all that is but a story of religion that we mark with the use of words such as credit and trust.

As far as fertile interpretation is concerned, it seems fair to us to pay homage to the memory of Michel Tavernier, a naval engineer, inventor and French philosopher, founder of AISE (Association Internationale pour le Soutien de l'Ecosophie), creator of objects and concepts, audacious in his approach, who first told us – "The Red Global de Trueque has minted its own money! You have created a social money!" Tavernier, for whom the official currency is not legal! – reminds us that, already at the time of Louis XIV, his adviser Pesant Boisguillebert, often considered as the father of macroeconomics, declared that money bound to interest was …a "criminal money".

Today the demand for interest free money is present in a number of groups and social movements, often inspired by the work of Silvio Gesell (who incidentally lived and made a fortune in Argentina…): it overshadows the proposal of a Tobin Tax on speculative transactions put forward by ATTAC. The difference between these two requirements, obviously, is a major problem of power and interaction of forces… which further increases the obligation for social operators to come to a decision about the strategy of social money as a possibility for reconstructing the market from the bottom to the top, whilst preserving the pleasure of the discussions on new forms of world governing. At Davos and Porto Alegre…

Bernard Lietaer is an other very creative influence that we would like to draw attention to, a Belgian economist with a very varied professional and academic background; after a spell working with the Belgian Central Bank, he worked on the initial development of the Single European Currency; he was president of the electronic payment system in Belgium; he developed a number of technologies for multinational corporations to use in managing multiple currency environments; he taught International Finance at the University of Louvain, Belgium. He is currently a fellow at the Center for Sustainable Resources at the University of California at Berkeley. In his seventh book – *"The Future of Money; Beyond Greed and Scarcity"*, he develops an original theory on the evolution of this "economy that was supposed to set the house straight…" For him the current monetary system is the source of all that happens (or doesn't happen) in our society. *"Money is like an iron ring we've put through our noses. We've forgotten that we designed it, and it's now leading us around. I think it's time to figure out where we want to go--in my opinion toward sustainability and community--and then design a money system that gets us there…"* How can we get there? According to Lietaer, during the first stage of civilisation, human beings lived in a pattern of abundance associated with the cult of the Great Mother (the Earth), all powerful, full of generosity towards her children: these lived by hunting and gathering and when the earth's resources ran out all they had to do was look further a field…the agricultural revolution, then the use of the wheel and fire were synonymous with repression of the pattern of abundance: therefore a pattern of scarcity became established, along with competition, greed, fear of scarcity…and all this up to our time.

Therefore we have had, up to this actual moment, at least 5000 years of patterns of scarcity rooted in the depths of our minds and in all our actions, in all cultures that passed from one pattern to the other. We are henceforth incapable of perceiving abundance: all around we see only scarcity; the fear of going without has been transformed into a permanent part of our life for evermore…It is a paradox that at the start of this third millennium, the total population of the planet has increased extraordinarily, and yet only 2% of the inhabitants are necessary to produce everything that humanity needs…if we wished it thus! Lietaer bases his thinking on the psychology of C.G.Jung, according to whom the repression of one archetype leads to the development of its shadows (its opposites). For example, when the archetype of the Sovereign is repressed, the complementary shadows that appear are the archetypes of the Tyrant or the Weakling. A Tyrant is tyrannical because he's afraid of appearing weak; a Weakling is afraid of being tyrannical.

In the same way, the repression of the Earth Goddess archetype causes her shadow to emerge, perfectly explaining why a Scottish schoolmaster named Adam Smith noticed a lot of greed and scarcity around him and assumed that was how all "civilized" societies worked. Thus Adam Smith created modern economics, which can be defined as a way of allocating scarce resources through the mechanism of individual, personal greed

Therefore we go along with Ernesto Sabato, Michel Tavernier, Bernard Lietaer, among so many others, in maintaining that social money is part of a movement to recover the model of abundance and break from the model of scarcity. It isn't, as it may appear at first sight, a question of returning to primitive "barter", but, on the contrary, of a victory of new technologies of production and information associated with a reinterpretation of the social phenomenon of money. To do this, we need at the same time a strong and organised civil society, a dynamic state and a market made up of entrepreneurs who have renounced financial speculation to face the challenge of innovation!

4. RESPONSABILITIES: HOW TO MAKE THE IMPROBABLE POSSIBLE

As we stated at the beginning of these thoughts, if we wish to understand the emergence of improbable events, - the first bank that lent money to the poor(and which continues to recover 100% of the money lent); the first town that dared to open its budget to direct citizen participation; the first group that decided to organise itself in order to improve the quality of life without using the market -, our task will be barren and tiring, especially if it is only a question of reconstructing their stories…However if the explanations are used for something – and searching for explanations certainly seems to characterise our western culture – we will opt for this: one fine day, someone imagined something that didn't exist previously and was very unlikely…but this someone started to *do* what he had imagined! If the way is strewn with pitfalls, it is precisely because the dominant patterns don't allow us to glimpse other possibilities. But once a critical mass is achieved and a certain degree of visibility ensured (in the media for example), the impossible suddenly seems possible! And then, there are few that will refuse to share the ceremony in the media spotlight…

The hour has come to recover the epic dimension of life. Faced with the extent of contemporary tragedy, - where everything is known in real time, where we coast along on celebratory weddings and risk the loss of an entire continent caught between AIDS and ethnic conflict – the lack of imagination that characterises political life seems cannibal in comparison and incapable of building something as simple as the common good. But in view of our lack of responsibility when faced simply with helping our neighbour, there is nothing left to do but make this ultimate invitation: it is imperative that we believe that the world is not only one and alone, that it is possible to live differently and that we are, finally, all responsible for everything and everyone. That we are inspired by the experiments of The Grameen Bank, by Porto Alegre or by Bernal, or even others, is therefore a matter of developing new strategies – combining citizen participation, micro credit and social money, for example – which enable us to use our imagination and courage to become involved in a present and future worthy of our heritage and our non exploited possibilities.

If it was possible to set off from an initial Barter Club towards an economy of solidarity in Argentina, introduce this solution in Argentinean and Bolivian (Cochabamba) prisons, where micro credit was already established, merge the Palmas Bank in Fortaleza (Brazil) with solidarity barter networks using social money, what else are we capable of? Where are we heading? Which are the experiments we can learn from and which do we still not know?

If we believe ourselves <u>responsible</u> for everything, and not just the <u>small part</u> that falls to us, it is most likely that we will have the necessary imagination to create new strategies and the courage, which we need to build bridges between the ancient and new model of abundance. Only thus will we be able to believe that wealth isn't only there for the few and shortages for nearly everyone. Such is our invitation in this workshop.

MAIN REFERENCES

1. Primavera, H., *Política social, imaginación y coraje: reflexiones sobre la moneda social*, Reforma y Democracia, Revista del CLAD, Caracas, 1999, No. 17, pp 161 - 188.
2. Blanc, J. *Les monnaies parallèles: une composante normale des usages monétaires.* Transversales, science /culture, Paris, 1999.

COMPLEMENTARY TEXTS

3. *Beyond greed and scarcity : the future of money*, Interview of Bernard Lietaer by Sara van Gelder, Revista Yes, 1998.
4. Singer, P. y Souza, A. (comp) *A economía solidária no Brasil*. Sao Paulo, Contexto, 2000.

All these texts can be found in English versions at Reference Texts at http://money.socioeco.org