CHAPTER TWO

The Parecon Proposal

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Participatory economics, or parecon for short, is a proposal for the defining features of a postcapitalist economy. Economies incorporate an almost infinite array of components. Two different societies, whether France and Mexico or the United States and South Africa, even if they have the same type of economy, such as capitalism, certainly won't have the same exact economic attributes.

Instead, two societies, even when both are capitalist, will have a myriad of economic differences ranging from population numbers and skills, to resources and infrastructure, to different specific industries, organizational approaches, secondary economic institutions, and class histories and relations. And the same will also hold for other economic types than capitalism, including participatory economies. Different societies with participatory economies, say a future France or Mexico, or the United States or South Africa, will have different features beyond the few shared ones that define the economic type.

Capitalism's first defining feature is private ownership of the means of production. A few percent of the population own almost all industry, machinery, resources, and farmland. They have ultimate say over the disposal and use of this property. They accrue income and wealth, or what are called profits, due to the property's productivity.

Capitalism is also defined by corporate workplace divisions of labor and authoritative decision making. That is, beneath the owners, about 20 percent of employees of capitalist workplaces do mostly conceptual and empowering tasks for their jobs, while the other 80 percent do mostly rote
and obedient tasks. The former make many decisions and impact social choices. The latter make few decisions and mainly obey orders. Decisions are made using different means and methods for different situations, but the means and methods always convey authoritative power to a relative few people from among the 20 percent empowered workers, while conveying even more authority to the economy's owners.

People's income in capitalist economies comes mostly from their bargaining power. We get from economic output what we can take. A very important contributor to bargaining power is ownership of property because it conveys rights to profit. Also important to one's bargaining power, and thus to the income one can take, is the control one has over needed assets or skills, the value of the output one generates, one's social attributes like gender and race, and one's organizational affiliations such as union membership.

Another defining feature of capitalism is that the amount of any particular good or service produced and the relative valuations of different products are largely determined by competitive markets. Buyers and sellers each aggrandize themselves essentially oblivious to the impact of their choices on others. I sell at the highest price I can impose the least costly items I can provide. You buy at the lowest price you can impose the most valuable items you can find. We fleece each other. Competition drives growth and determines valuations. Prices account for the preferences and especially the bargaining power of direct buyers and sellers, but not for the preferences of people who are not directly involved in specific transactions but who are affected nonetheless, for example, by associated pollution. More, in market exchanges, as the famous and quotable baseball manager Leo Durocher put it, "nice guys finish last."

Beyond commonly shared private ownership of means of production, corporate workplace organization, authoritative decision making, remuneration for bargaining power, property, and output, and market allocation, myriad variations in secondary institutions, population, local history, and impositions from other parts of society distinguish different instances of capitalism from one another.

Referring to capitalism, John Stuart Mill, one of the foremost philosophers of the nineteenth century wrote

I confess that I am not charmed with the ideal of life held out by those who think that the normal state of human beings is that of struggling to get on; that the trampling, crushing, elbowing, and treading on each other's heels, which form the existing type of social life, are the most desirable lot of human beings. (Mill, 1965: 754)

John Maynard Keynes, arguably the most influential economist of the twentieth century is said to have written: "Capitalism is the astounding belief that the most wickedest of men will do the most wickedest of things for the greatest good of everyone" (apocryphal).

Warren Buffet, one of the richest capitalists in America, supposedly said, not about capitalism as a whole but just as revealingly about a particular industry: "I'll tell you why I like the cigarette business. It costs a penny to make. Sell it for a dollar. It's addictive. And there's fantastic brand loyalty."

Charles Dickens summarized both the vagaries and even more the narrowness and unforgivingness of capitalism when he wrote: "Annual income twenty pounds, annual expenditure nineteen pounds and six, result happiness. Annual income twenty pounds, annual expenditure twenty pounds naught and six, result misery" (1850: 185).

The great Latin American writer Eduardo Galeano, is said to have explained how capitalism has nearly all its valuations upside down, as follows:

From the point of view of the economy, the sale of weapons is indistinguishable from the sale of food. When a building collapses or a plane crashes, it's rather inconvenient from the point of view of those inside, but it's altogether convenient for the growth of the gross national product, which sometimes ought to be called the "gross criminal product."

And in my own view Capitalism is a thug's economy, a heartless economy, a base and vile and largely boring economy. It is the antithesis of human fulfillment and development. It mocks equity and justice. It enshrines greed. It is unworthy of humanity.

I doubt that many who are reading this book want to contest all that. In fact, I even think relatively few citizens would contest much of it, which means we ought to proceed to a better economy.

Parecon has completely different defining features from capitalism. Extensive explorations of its economic logic are available online at the parecon website (www.parecon.org). Here I can only summarize parecon's main features.

**Parecon's values**

Parecon seeks to fulfill four key values in addition to meeting needs and fulfilling potentials. And to do this, it incorporates four key defining institutional commitments.

The four values are solidarity, diversity, equity, and self-management. The four institutions are workers and consumers councils with self-managed decision-making norms and methods, remuneration for effort and sacrifice, balanced job complexes, and participatory planning.
Solidarity

The first value a good economy ought to have bears upon how its actors relate to one another. In capitalism to get ahead one must trample others. To increase your income and power you must ignore the horrible pain suffered by those left behind or you must literally help to push them farther down. In capitalism not only do "nice guys finish last" but in my own somewhat more aggressive formulation of the same sentiment, "garbage rises."

Here is Ursula LeGuin having a character in her famous and wonderful novel *The Dispossessed* (1974: 131–2) wonder how anyone relating to a typical capitalist mall can responsibly act in light of the impact of their choices on others:

Saemtenevia Prospect was two miles long, and it was a solid mass of things to buy, things for sale. Coats, dresses, gowns, robes, trousers, breeches, skirts, umbrellas, clothes to wear while sleeping, while swimming, while playing games, while at an afternoon party, while at an evening theatre, while riding horses, gardening, receiving guests, boating, dining, hunting—all different, all in hundreds of different cuts, styles, colors, textures, materials. Perfumes, clocks, lamps, statues, cosmetics, candles, pictures, cameras, hosiery, jewels, carpets, toothpicks, calendars, a baby's teeth rattle of platinum with a handle of rock crystal, an electrical machine to sharpen pencils, a wristwatch with diamond numerals, figurines and souvenirs and kickshaws and mementos and gewgaws and bric-a-brac, everything either useless to begin with or ornamented so as to disguise its use; acres of luxuries, acres of excrement. After one block, Shevek had felt utterly exhausted. He could not look any more. He wanted to close his eyes. But to Shevek the strangest thing about the nightmare street was that none of the millions of things for sale were made there. They were only sold there. Where were the workmen, the miners, the weavers, the chemists, the carvers, the dyers, the designers, the machinists, where were the hands, the people who made? Out of sight, somewhere else. Behind walls. All the people in all the shops were either buyers or sellers. They had no relation to the things but that of possessions. How was he to know what a goods' production entailed? How could they expect him to decide if he wanted something? The whole experience was totally bewildering. Were his hosts in this strange world, the "shoppers" of A-lo, really capable of such daily acts of social irresponsibility?

In contrast to the capitalist rat race, a good economy should be intrinsically a solidarity economy generating sociality rather than social irresponsibility. Its institutions for production, consumption, and allocation would propel even antisocial people into having to address other people's well-being to advance their own. To get ahead in a good economy, in other words, you would have to act on the basis of considering and respecting the conditions of others.

Interestingly, this first parecon value, so contrary to the capitalist logic of "me first and the rest be damned," is entirely uncontroversial. Only a psychopath would argue that if we could have the same output, the same conditions, the same distribution of income, and so on, an economy would be better if it produced hostility and antisociality in its participants than if it produced mutual concern and interconnection. Other than psychopaths, we all value solidarity and we would prefer to do without humans trampling other humans.

Diversity

The second value we want a good economy to advance has to do with the range of options and opportunities an economy generates. Capitalist markets homogenize options. Their rhetoric trumpets opportunity but their structure curtails most avenues of satisfaction and development by replacing virtually everything human and caring with only what is most commercial, most profitable, and most in accord with preserving existing hierarchies of power and wealth.

As time passes, the tremendous variety of tastes, preferences, and choices that humans naturally display are truncated by capitalism into conformist patterns imposed by advertising, by narrow class delimited role offerings, and by coercive marketing environments that produce commercial attitudes and habits.

As a result, within capitalism we seek best sellers regardless of the quality of their impact instead of seeking a wide range of sellers with as desirable impact as possible.

We seek the one best method (generally for profit) instead of many parallel methods (for diverse preferences), and we seek the biggest of almost anything virtually always crowding out the more diverse instances that could instead be sought as a means to much greater and more widespread personal fulfillment.

In contrast, good institutions for production, consumption, and allocation not only wouldn't reduce variety but their operations would emphasize finding and respecting diverse solutions to problems. A good economy would recognize that we are finite beings who can benefit from enjoying what others do that we ourselves have no time to do, and also that we are fallible beings who should not vest all our hopes in single routes of advance but should instead insure against damage by exploring diverse parallel avenues and options.

Interestingly, this value too, like solidarity, is entirely uncontroversial. Only a perverse individual would argue that all other things equal, an
Economy is better if it homogenizes and narrows options than if it diversifies or expands them. So we value diversity, not homogeneity.

**Equity**

The third value we want a good economy to advance has to do with the distribution of outputs to actors. Capitalism overwhelmingly rewards property and bargaining power. It says that those who have a deed to productive property by virtue of that piece of paper deserve profits. And it says that those who have great bargaining power based on anything from monopolizing knowledge or skills, to having better tools or other organizational advantages, to being born with special talents, to being able to command brute force, are entitled to whatever they can take.

A good economy would instead be an equity economy whose institutions for production, consumption, and allocation not only wouldn't destroy or obstruct equity, but would propel it. But then the question arises, what is equity?

People seeking equity of course reject rewarding property ownership. It can't be equitable that due to having a deed in your pocket you earn 100, 1,000, or even a million or 10 million times the income some other person earns who works harder and longer. To be born and inherit ownership and by virtue of that inheritance and ownership, despite having done nothing of merit, to have vastly better circumstances and vastly more influence than others—cannot possibly be equitable.

We also reject rewarding power with income. The logic of Al Capone, Genghis Khan, and the Harvard Business School is that each actor should earn as remuneration for their economic activity whatever they can get away with taking. This norm worships not equitable outcomes, but thuggishness. Being civilized, we of course reject it.

But more controversially and complexly, what about output? Should people get back from the social product an amount equal to what they themselves by their own labors produce as part of that social product?

This seems equitable. After all, what reason can justify that we should get less than what we ourselves contribute, or for that matter that we should get more than our own contribution? Surely we should get an equivalent amount to what we produce, shouldn't we?

It may seem so, but suppose two people do the same work for the same length of time at the same intensity, why should someone who has better tools with which to generate more output get more income than someone who has worse tools and as a result generates less output even though working as hard or harder?

Why should someone who happens to produce something highly valued be rewarded more than someone who happens to produce something less valued but still socially desired and important to provide, again, even if the less productive person works equally hard and long and endures similar conditions as the more productive person?

Why should someone who was lucky in the genetic lottery, perhaps getting genes for big size or for musical talent or for tremendous reflexes or peripheral vision or for conceptual competency get rewarded more than someone who was less lucky genetically?

You are born with a wonderful attribute. You didn't do anything to get it. Why, on top of the luck of having it are you then regaled with greater income as well? There is no earning going on. No meritorial activity is being rewarded. No morality is being fulfilled.

In light of the implicit logic of these cursory examples, it seems that to be equitable remuneration should be for effort and sacrifice in producing socially desired items.

If you work longer, you should get more reward. If you work harder, you should get more reward. If you work in worse conditions and at more onerous tasks, you should get more reward. But you should not get more for having better tools, or for producing something that happens to be more valued, or even for having innate highly productive talents, nor should you get it even for the output of learned skills (though you should get rewarded for the effort and sacrifice of learning those skills), nor of course should you get rewarded for work that isn't socially warranted.

Unlike our first two values, solidarity and diversity, our third value of rewarding only the effort and sacrifice that people expend in their socially valued work is controversial.

Some anticapitalists think that people should be rewarded for the overall volume of their output, so that a great athlete should earn fortunes, and a quality doctor should earn way more than a hard working farmer or short order cook. An equitable economy, however, or at any rate a participatory economy, rejects that norm.

Pareconish equity requires instead that if one person has a nice, comfortable, pleasant, highly productive job, and another person has an onerous, debilitating, and less productive but still socially valuable and warranted job, for comparable intensity of work the latter person should earn more per hour than the former. Parecon rewards effort and sacrifice at socially valued labor, not property, power, or output.

There are two other anticapitalist stances regarding remuneration that we should address. They have in common that they take a wise insight past its applicability to a counterproductive extreme.

The first approach says work itself is intrinsically negative. It asks why anyone thinking about a better economy should be thinking in terms of organizing or apportioning work. Why not instead just eliminate it?

This insight correctly notices that our efforts to innovate should seek to diminish onerous components of work in favor of more fulfilling ones. But
It moves from that worthy advisory to suggesting eliminating work entirely, and that is simply nonsense.

First and most obviously, work yields results we cannot and do not want to do without. The bounty that work generates, in other words, justifies the costs of undertaking it. In a good economy, people would desist before suffering insufficient returns. In parecon, we expend our effort and make our sacrifice only up to the point where the value of the income we receive outweighs the costs of the exertions we undertake. At that point, we opt for leisure, not more work.

Second, as the famed geographer and anarchist Peter Kropotkin expressed the point, “Overwork is repulsive to human nature—not work. Overwork for supplying the few with luxury—not work for the well-being of all. Work, labor, is a physiological necessity, a necessity of spending accumulated bodily energy, a necessity which is health and life itself” (1927: n.p.).

In other words, the merits of work are not solely in its outputs, but also in the process and act itself. We want to eliminate work that is onerous and debilitating, but not work per se. So we need to keep work, but to figure out how to do it differently from now.

A second and related anticapitalist inclination that rejects our approach to remunerating duration, intensity, and onerousness of work, claims that the only criterion for remuneration ought to be human need. “From each according to ability, to each according to need” is the summary aphorism of this perspective.

What this view rightly highlights is that we believe people deserve respect and support by virtue of their very existence. If a person cannot work, then surely we don’t starve them or deny them income at the level others enjoy. Their needs, modulated in accord with social averages, are met. If, likewise, someone has special medical needs, these too are met even beyond just the volume or intensity or character of work the person is able to do.

The problem with rewarding need arises not regarding people who can’t work or who have special medical needs, but when we try to take the norm further than that.

What does it mean, really, to apply this norm for people who can work and who have no special medical needs?

If I am such a person, can I opt not to work and yet consume anyhow? And can I consume as much as I choose, with no external limits imposed? This is obviously not viable. We could have no one working and at the same time have everyone expecting to consume way more than now.

Usually what those who advocate payment for need and working to capacity have in mind is that each worker will responsibly take an appropriate share of consumption out of the social total and will responsibly contribute an appropriate amount of work to its production.

But the problem then arises, how do I know what is appropriate to consume or to produce? And, for that matter, how does the economy itself determine what is appropriate?

Self-management

The fourth and final value on which a good economy ought to incorporate has to do with decisions.

In capitalism owners have tremendous say. Managers and high-level lawyers, engineers, financial officers, and doctors, each of whom monopolize empowering work and daily decision-making levers, have substantial say. And people doing rote and obedient labor rarely even know what decisions are being made, much less influence them.

In contrast, a good economy will be a richly democratic economy. People will control their own lives consistent with others doing likewise. Each person will have a level of say that won’t impinge on other people having the same level of say. We will impact decisions in proportion as we are affected by them. This is called self-management.
Imagine a worker wants to place a picture of his daughter on his workstation. Who should make that decision? Should some owner decide? Should a manager decide? Should all the workers decide? Obviously none of that makes any sense. The one worker whose child it is should decide, alone, with full authority. He should be literally a dictator in this particular case. Sometimes, in other words, we think making decisions dictatorially makes sense.

Now suppose instead that a worker wants to put a radio on her desk and to play it very loudly listening to raucous rock and roll. Who should decide? We all intuitively know that the answer is that those who will hear the radio should have a say and that those who will be more bothered or more benefited should have more say. The worker no longer gets to be a dictator, nor does anyone else. Instead, those who would hear the radio have a say, and others outside the range of hearing, do not.

And at this point, we have already implicitly arrived at a value vis-à-vis decision making. We easily realize that we don’t want one person one vote and 50 percent plus one to decide everything all the time. Nor do we always want one person one vote and some other percentage required for agreement. Nor do we always want one person to decide authoritatively, as a dictator. Nor do we always want consensus. Nor do we always want any other single approach to discussing issues, expressing preferences, and tallying them. All the various methods of making decisions make sense in some cases but are horribly unfair, or intrusive, or authoritarian, in other cases, because different decisions require different approaches.

What we hope to accomplish when we choose from among all possibilities a particular mode of decision making and processes of discussing issues, agenda setting, information sharing, and so on, is that each actor should have an influence on decisions in proportion to the degree he or she is affected by them. And that is our fourth parecon value, called self-management.

Participatory Economics pursues the above listed values of solidarity, diversity, equity, and self-management via a few centrally defining institutional choices.

**Parecon’s institutions**

Advocating preferred values like those we have enumerated is necessary but not alone sufficient when people ask, what do you want? We can say we want solidarity, diversity, equity, and self-management, but if we implicitly or explicitly advocate institutions that have a logic that leads instead to other outcomes, what good is our rhetorical attachment to the exemplary values? We need the values, but we also need a set of institutions that can make them real.

**Workers and consumers councils**

Workers and consumers need a place to express and pursue their preferences. Historically, when workers and consumers have attempted to seize control of their own lives in tumultuous times, they have invariably created as the venue of their debate and decision making, workers and consumers councils.

In a parecon, within workers and consumers councils essentially like those that have historically emerged in past struggles, there is an additional commitment to using decision-making procedures and modes of communication that self-consciously apportion to each actor about each decision a degree of say proportionate to the degree he or she is affected.

Votes to make decisions in councils could be majority rule, three-quarters, two-thirds, consensus, or other possibilities. They are taken at different levels, with fewer or more participants, and using information dispersal and discussion procedures as well as voting norms that depend on the particular implications of the decisions in question.

Sometimes after due deliberation a team or individual makes a decision pretty much on its own. Sometimes a whole workplace or even an industry, or a neighborhood, county, or country would be the decision body and special mechanisms for getting relevant information to all members and deliberating possibilities are employed. Different voting and tallying methods would also be enacted as needed for different decisions.

Consider, as an example, a publishing house. It could have teams addressing different functions like promotion, book production, editing, and so on. Each of these might make its own workday decisions in context of broader policies decided by the whole workers council. Decisions to publish a book might involve teams in related areas, and might require, for example, a two-thirds or three-quarters majority vote, including considerable time for appraisals and reappraisals. Many other decisions in the workplace could be one person one vote majority rule of the primarily affected workers or could require slightly different majorities or methods of accounting and challenging outcomes. Hiring might require consensus in the workgroup that the new person would be part of due to the tremendous effect a new worker can have on a group that he or she is constantly working with.

The point is, in workplaces, workers decide both the broad and the narrower decisions, both the norms and the methods for decision making, and then also the day-to-day and more policy-oriented choices in groups of nested councils, teams, and so on.

The reader may note that for full self-management, however, it must also be the case that by some means the decisions of a workplace regarding what to produce are also influenced appropriately by all the people affected by its production—which turns out to be not only those who wind up consuming the workplace’s books, bicycles, band-aids, or whatever, but also those...
who don't get some other product because energy, time, and assets went to the ends in question and not to some other ends, plus those affected by by-products such as pollution. But this is all a matter of allocation, not of workplace organization, and it enters our discussion just a bit later where we will also see how consumers councils fit into the picture. For now, we have self-managing councils.

**Remuneration for effort and sacrifice**

The next institutional commitment is to remunerate for effort and sacrifice, not for property, power, or even output. But who decides how hard we have worked? Of course, by what we have already said, it must be our workers councils in context of the broad economic setting established by all the economy's institutions.

If you work longer, and you do it effectively of course, you are entitled to more of the social product. If you work more intensely, socially usefully, again you are entitled to more. If you work at more onerous or dangerous or boring but also socially warranted tasks, again, you are entitled to more.

But you are not entitled to more due to owning productive property—no one owns productive property—it is all socially owned. And you are not entitled to more due to working with better tools, or producing something more valuable, or even having personal traits that make you more productive, because these attributes do not involve effort or sacrifice, but luck and endowment.

Greater output is appreciated, of course, and it is important that means of accomplishing it are utilized, to be sure... but there is no extra pay for greater output. Yes, my working longer or harder yields more output, and greater output can even be a revealing indicator of greater effort, but while output is often relevant as an indicator of effort its absolute level is beside the point regarding remuneration.

Both morally and in terms of incentives, parecon does precisely what makes sense. The extra pay we get is for what we deserve to have rewarded, our sacrifice at work, and the extra pay we earn elicits what we can contribute more of, which is our time and effort. As to how the economy elicits appropriate use of productive capacities, that is a matter of allocation, still to come.

**Balanced job complexes**

Suppose that as proposed we have workers and consumers councils. Suppose we also believe in participation and even in self-management. But suppose as well that our workplace has a typical corporate division of labor. What will happen?

The roughly 20 percent of the workforce who via their positions in the corporate division of labor monopolize the daily decision-making positions and the knowledge that is essential to comprehending what is going on and what options exist, are going to set agendas. The pronouncements of these engineers, lawyers, doctors, and other empowered actors will be authoritative. Indeed, even if other workers have formal voting rights in workers councils committed to self-management, their participation will be only to vote on plans and options put forth by only this group of privileged workers who I call the coordinator class.

The will of this coordinator class will decide outcomes and in time this elite will also decide that it deserves more pay to nurture and reward its great wisdom. It will separate itself not only in power, but in income and status. In other words, it isn't enough to have workers and consumers councils and to believe in and try to implement self-management along with remuneration for effort and sacrifice. If on top of all those desirable features we have a division of labor which militates against sought after equity and self-management and instead imposes class division, our greatest hopes and pursuits will be dashed against the structural implications of our job design.

Adam Smith understood the above very well when he wrote "The understandings of the greater part of men are necessarily formed by their ordinary employments." That being so, Smith added, "the man whose life is spent in performing a few simple operations, of which the effects too are, perhaps, always the same, or very nearly the same, has no occasion to exert his understanding... and generally becomes as stupid and ignorant as it is possible for a human creature to be."

So what is parecon's alternative to familiar corporate divisions of labor? We seek to extend the insights of William Morris, the noted nineteenth-century artist and wordsmith, who wrote:

Now, as to occupations, we shall clearly not be able to have the same division of labor as now: vicitious scavenging, sewer emptying, butchering, letter carrying, boot-blackening, hair dressing, and the rest of it will have to come to an end... we shalln't put a pattern on a cloth or a twiddle on a jug-handle to sell it, but to make it prettier and to amuse ourselves and others. (Morris quoted in Zcom, n.d.: n.p.)

Morris was right not only about changing the motives of work to meeting needs and developing the potentials of those enjoying the products and those doing the labor, but also about the need to alter the division of labor en route to that achievement.
Parecon concurs with Smith's perception of the debilitating effect of corporate divisions of labor and with Morris's aspirations for future work. That is why participatory economics utilizes what it calls balanced job complexes.

Instead of combining tasks so that some jobs are highly empowering and other jobs are horribly stultifying, so that some jobs convey knowledge and authority while other jobs rob mentality and convey only obedience, and so that those doing some jobs rule as a coordinator class accruing to themselves more income and influence while those doing more menial work obey as a traditional working-class subordinate in influence and income—parecon says let's make each job comparable to all others in its quality of life effects and even more importantly in its empowerment effects.

From a corporate division of labor that enshrines a coordinator class above workers, we move to a classless division of labor that elevates all actors to their fullest potentials.

Each person has a job. Each job involves many tasks. Of course each job should be suited to the talents, capacities, and energies of the person doing it. But in a parecon each job must also contain a mix of tasks and responsibilities such that the overall quality of life and especially the overall empowerment effects of work are comparable for all.

A parecon does not have someone who does only surgery and someone else who only cleans bed pans. It instead has people who do some surgery and some cleaning of the hospital, as well as some other tasks—such that the sum of all that they do incorporates a fair mix of conditions and responsibilities.

A parecon does not have some people in a factory who only manage operations and others who only do routine tasks, but instead has people throughout factories who do a mix of conceptual and routine tasks.

A parecon does not have lawyers and short-order cooks and engineers and assembly line workers as we now know them. All the tasks associated with these jobs must get done, but in a parecon they are mixed and matched very differently than in capitalist workplaces.

A parecon's populace all does a mix of tasks in their work such that each person's mix accords with their abilities and also conveys a fair share of routine, tedious, interesting, and empowering conditions and responsibilities.

Our work does not prepare a few of us to rule and the rest of us to obey. Instead our work equally prepares all of us to participate in self-managing our activities via our councils. It equally readies all of us to engage sensibly in self-managing our lives and institutions.

But to move on to our next institutional feature, what happens if we have a new economy with workers and consumers councils, with self-managing decision-making rules, with remuneration for effort and sacrifice, and with balanced job complexes— but we combine all this with markets or with central planning for allocation? Would that constitute a good economy?

Allocation: Markets and central planning

First, markets would destroy the remuneration scheme, rewarding output, and bargaining power instead of effort and sacrifice. Second, markets would also force buyers and sellers to try to buy cheap and sell dear, each fleecing the other as much as possible in the name not only of private advance but of market survival. Markets, in other words, would generate inequitable allocation and also antisociality.

Third, however, markets would even produce dissatisfaction because it is only the dissatisfied who will buy and then buy again, and buy again, and again. Consider what the general director of General Motors' Research Labs, Charles Kettering, thought of the matter, as researched and summarized by Juliet Schor:

[Business needs to create a “dissatisfied consumer”; its mission is “the organized creation of dissatisfaction.” Kettering led the way by introducing annual model changes for GM cars—planned obsolescence designed to make the consumer discontented with what he or she already had. (Schor, 1991: 120)]

Fourth, markets also misprice items, taking into account only the impact of work and consumption on the immediate buyers and sellers but not on those affected peripherally, including those affected by pollution or, for that matter, by positive side effects. This exclusion means markets routinely violate ecological balance and sustainability while subjecting all but the wealthiest communities to collective debit in water, air, sound, and public availabilities.

Fifth, markets, more subtly and even beyond all the above, create a competitive context in which workplaces have to cut costs and seek market share regardless of implications for others. To do this, even our workplaces with self-managing councils and wanting to have equitable remuneration and balanced job complexes would have no choice but to insulate from the discomfort that cost cutting imposes precisely those people who they would earmark to figure out what costs to cut and how to generate more output at the expense of worker (and even consumer) fulfillment.

To cut costs and otherwise impose market discipline there would emerge, again, a coordinator class, located above workers, violating our preferred norms of remuneration, accruing power to themselves, and obliterating the self-management we desire.

In other words, under the pressure of market competition the firm must try to maximize its revenues so as to keep up with or outstrip competing firms. We would also have to try to dump our costs on others, to bring in as much revenue as possible via inducing even excessive consumption, to cut our costs of production as much as we can, to reduce comforts
for workers, to win market share regardless of benefits and costs to others, and so on.

To do all these things requires both a managerial surplus-seeking mindset, and also freedom from suffering the pains that managerial choices induce. So we hire folks with appropriately callous and calculating minds of the sort business schools produce, and we give these new employees air conditioned offices and comfortable surroundings, and say to them, okay, cut our costs.

In other words, ironically we impose on ourselves a coordinator class, not as a matter of natural law, or because we want to, but because markets force us to do that or to lose market share, lose revenues, and eventually go out of business to others who don’t hesitate at being cutthroat.

There are those who will claim that all these ills I have listed, and more, are a product not of markets per se but of imperfect markets, markets that have not attained a condition of perfect competition. Aside from the fact that this is a bit like saying the ills associated with imbibing arsenic are always due to the oddity that we never get pure arsenic but always get only arsenic that is tainted with one or another additional ingredient, and aside from the fact that in a real society there is literally no such thing as frictionless competition in any event, we can point to the fact that the closer we have historically come to a pure market system without state intervention and with as few sectors as possible dominated by single firms or groups of firms or with as few unions as possible, the worse the social implications of exactly the sort we have described above become. So, there have rarely if ever been markets as competitive as those of Britain in the early nineteenth century. Under the sway of those nearly perfect markets, however, as the economist Robert Solow put it, “infants typically toiled their way to an early death in the pits and mills of the Black Country.” He adds that “well-functioning markets have no innate tendency to promote excellence in any form. They offer no resistance to forces making for a descent into cultural barbarity or moral depravity” (quoted in Albert, 2004), in accord with our own perceptions.

And the same broad result would hold (and has held) for central planning as well. Central planning too would immediately elevate planners, and shortly after that elevate planners’ managerial agents in each workplace, and then also for legitimacy and consistency it would elevate all those actors in the economy sharing the same type of credentials.

In other words, the central planners need local agents to interact with who will hold workers to norms the central planners set. Such folks must be authoritative. Their credentials must legitimize them and reduce other actors to relative obedience. Central planning would thus by a different logic also impose, like markets, coordinator class rule over workers who would in turn be made subordinate not only nationally but also in each workplace.

The allocation problem that we face in trying to propose a good economy is therefore that (as we saw in the old Yugoslavia and Soviet Union) markets and central planning each suvert the values and the associated structures we have so far deemed worthy. They obliterate equitable remuneration, annihilate self-management, horribly misspecify the values of produced items, impose narrow and antisocial motivations, and impose class division and class rule.

Allocation is the nervous system of economic life, and is comparatively intricate and essential. Consider the view of the French economist of the first half of the nineteenth century, Frédéric Bastiat, who wrote:

Upon entering Paris which I had come to visit, I said to myself, here are a million human beings who would all die in a short time if provisions of every sort ceased to go towards this great metropolis. Imagination is baffled when it tries to appreciate the multiplicity of commodities which must enter tomorrow through the barriers in order to preserve the inhabitants from falling prey to all the convulsions of famine, rebellion, and pillage. (Bastiat, 2006: 104)

However baffled Bastiat’s imagination was, to round out a new economic vision our imagination must conceive a mechanism that can properly and efficiently determine and communicate accurate information about the true social costs and benefits of economic options to actors and then also apportion to those actors influence over choices in proportion to the degree they are affected.

This is no little ambition given that virtually everyone is at least to some degree affected by each decision. Consider Noam Chomsky, the most influential linguist and social critic of the twentieth century, describing elements of the situation:

In any institution—factory, university, health center, or whatever—there are a variety of interests that ought to be represented in decision-making: the work force itself, the community in which it is located, users of its products or services, institutions that compete for the same resources. These interests should be directly represented in democratic structures that displace and eliminate private ownership of the means of production or resources, an anchonism with no legitimacy. (Chomsky, 1957: n.p.)

While Chomsky was quite right in identifying private ownership as problematic in these regards, the deeper and arguably even deadlier villains, as we have all too briefly indicated, are markets and central planning.
Participatory planning

So suppose in place of top-down allocation via centrally planned choices and in place of competitive market allocation by atomized buyers and sellers, we opt for informed self-managed, cooperative negotiation of inputs and outputs by socially entwined actors who each have a say in proportion as choices impact them, who can each access accurate information and valuations, and who each have appropriate training, confidence, conditions, and motivation to develop, communicate, and manifest their preferences.

That allocation approach, if we could conceive institutions able to make it effective, could compatibly advance council centered participatory self-management, remuneration for effort and sacrifice, and balanced job complexes, and also provide proper valuations of personal, social, and ecological impacts while promoting classlessness.

Participatory planning is conceived to accomplish all this. Worker and consumer councils propose their work activities and consumption preferences in light of best available and constantly updated knowledge of local and national implications in the form of true valuations of the full social benefits and costs of their choices.

Their negotiation features a back and forth cooperative communication of mutually informed preferences via a variety of simple communicative and organizing principles including what are called indicative prices, facilitation boards, rounds of accommodation to new information, and other features which permit actors to express, mediate, and refine their desires in light of feedback about other actor’s desires. In short, everyone together interactively negotiates compatible choices consistent with advancing the values we have highlighted.

Workers and consumers indicate their personal and group preferences. They learn what others have indicated. They alter their preferences seeking a personally fulfilling pattern of work and consumption as well as a viable overall plan.

At each new step in the cooperative negotiation each actor seeks personal well-being and development, but each can improve his or her situation only by acting in accord with more general social benefit.

As in any economy, consumers take account of their income and the relative costs of available items and choose what they desire. This occurs not only for individual consumption, but also for groups, neighborhoods, and regions, all via consumer councils.

Workers similarly indicate how much work they wish to do in light of requests for their output as well as their own labor/leisure preferences.

In capitalism, as Sinclair Lewis succinctly conveys, to be able to fleece others is a welcome trait: “His name was George B. Babbit, and... he was nimble in the calling of selling houses for more than people could afford to pay” (quouted in Miner and Rawson, 2006: 421).

Or as the famous advertising executive Ernest Dichter says about American advertising:

We must use the modern techniques of motivational thinking and social science to make people constructively discontented. . . . If you are relatively happy with your life, if you enjoy spending time with your children, playing with them and talking with them; if you like nature . . . if you just like talking to people . . . if you enjoy living simply, if you sense no need to compete with your friends or neighbors—what good are you economically? (Quoted in Miller and Albert, 2009: 9)

But in a parecon, not only does no one have any interest in selling at an inflated price, no one has any interest in selling more for the sake of income either—because that is not how income is earned. Nor is there any competition for market share. Motives are simply to meet needs and to develop potentials without wasting assets, which is to say to produce what is socially acceptable and useful and to fulfill one’s own as well as the rest of society’s preferences compatibly.

Actors’ proposals about their desired production and consumption are communicated each to every other via special mechanisms for the purpose. Negotiations occur in a series of planning rounds or iterations. Every actor has an interest in the most effective utilization of productive potentials to meet needs since each actor gets a share of output that is equitable and grows as the whole output grows.

Every actor also has an interest in investments that reduce drudgery work and improve the quality and empowerment of the average balanced job complex since this is the job quality and empowerment everyone on average enjoys.

It is impossible to describe this whole parecon system and all its diverse mechanisms and features, much less the countless possible additional aspects in any given implementation of parecon, much less to show convincingly how the model is both viable and worthy, in a summary chapter such as this. I’d like to here provide only a brief concluding summary of the model’s main virtues.

Parecon’s virtues

Participatory economics creates a context of classlessness and social solidarity. I can get better work conditions if the average job complex improves. I can get higher income if I work harder or longer with my workmates’ consent, or if the average income throughout society increases. I not only advance in solidarity with other economic actors, but I influence all economic decisions, including those in my workplace and even those throughout the rest of the economy, at a level proportionate to the impact those decisions have on me.
Parecon not only eliminates inequitable disparities in wealth and income, it attains just distribution. It not only doesn’t force actors to undervalue or violate one another’s lives, it produces solidarity. It not only doesn’t homogenize outcomes, it generates diversity. It not only doesn’t give a small ruling class tremendous power while burdening the bulk of the population with powerlessness, it produces appropriate self-managing influence for all via true classlessness.

Parecon’s economic viability and worthiness are argued in great detail in the book *Parecon: Life After Capitalism* (2003) and on the parecon website (www.parecon.org) including addressing detailed concerns about productivity, efficiency, incentives, and so on. Readers who are not familiar with parecon’s features and who have not yet thought through their economic logic may wish to consult either of those sources.

My claim is that a participatory economy is a viable and worthy one. My claim is that it is a solidarity economy, a diversity economy, an equitable economy, and a self-managing economy. If that claim is true, people of serious social intent should invest time and focus in figuring out how to implement parecon. If the claim is false, such people should go back to the drawing board until we do have a worthy economy to pursue. What we cannot do is settle for capitalism in any form at all. To do that would be moral, material, social, and ecological suicide, sooner or later, for all of humanity.

References


CHAPTER THREE

Economic Democracy through Prout, Progressive Utilization Theory

*Dada Maheshvarananda*

Free market economists, staunch advocates of privatization, claim that any country can achieve economic efficiency and success through free market trade. Often called neoliberal economists or supporters of the “Washington Consensus,” they portray economics as a value-free, objective science that describes timeless truths independent of ideology or cultural norms. Yet, such free market analysts are woefully unable to accurately predict the future of currency rates, property values, inflation, and so on. This is because the very implementation of their discipline has created a highly volatile and extremely aggressive global economy in which the quest for profits is the ultimate goal.

A clever trick of neoliberal economists has been to call the license of individuals and corporations to amass wealth beyond measure “economic freedom,” as though it were equal to human rights. They claim the *right* to maximize one’s wealth.

The idea of “economic freedom” conflicts with the reality that the world’s resources are limited and that some actions limit the opportunities of others. In law, we grant individual rights only to the extent that they do not harm others. The same principle should also apply to economics.

The Progressive Utilization Theory or Prout is a socioeconomic alternative model that promotes the welfare and development of every person,
Platformist groups maintain that the central issue facing the contemporary anarchist movement globally is not primarily winning an ideological battle among the anticapitalist movement. Rather the most pressing concern facing anarchists is how to ensure that direct action, mutual aid, collective decision making, horizontal networks, and other principles of anarchist organizing, already present within movements of the working and oppressed classes, develop and are maintained as the predominant practices of the social movements (Schmidt, 2003). Through their numerous efforts the especifics of Latin America have provided vital and influential examples of how this work might be successfully carried out.

References


CHAPTER FIVE

An Economy for the Common Good with Social Currencies

Heloisa Primavera

The expression Economía Solidaria (Solidarian or Solidarity Economy) has come into frequent use during the past two decades to refer to multiple and heterogeneous phenomena inside the common people’s economy developed during the military dictatorships in Latin America which however flourished after their disappearance. It can be characterized today as a new field of knowledge and action which is institutionalized with the participation of new social actors with roles of subjects played by the workers in the organization of those economic forms and with different degrees of support from the government sectors in each country (www.socioeco.org, www.ripess.net).

On the other hand social currencies are part of the family of complementary currencies recuperated during the second half of the twentieth century as of 1982 (www.gmlets.u-net.com) and, although they underwent an important—and unequal—development in the different regions of the planet, they are present in all of them.

Our proposal in the reflections which follow is to launch the hypothesis for discussion that they acquire greater relevance in the present context of the global crisis of employment:

- Solidarian Economy as a model of development must urgently find ways of synergically articulating its different initiatives.
- Social currencies, created by their users themselves, can and must be a fundamental political instrument of Solidarian Economics.
Beginning with the accumulated knowledge of experiences in diverse countries, we shall present some tools for intervention which have managed to impel a new paradigm of thought and action which we understand are valid for accelerating social transformations capable of leading to a redistribution of wealth, especially in the most unequal regions of the planet.

In order to support our hypotheses, we shall develop our positions through the following courses:

1. Solidarian Economy: some recent history;
2. Complementary currencies and social money: how they emerged and where they are today;
3. A particular case study: the Argentine model of “barter club” transmuted in Brazil; and
4. Is an enduring bond of common good between Solidarian Economies and social currencies possible?

**Solidarian Economy: Some recent history**

The term Solidarian Economy is relatively new in Latin America, having become increasingly frequent in the past two decades to refer to multiple and heterogeneous phenomena inside the grassroots economy with the characteristic of a new field of thinking and action which is institutionalized with the participation of new social actors where the very organization of those economic forms play the role of protagonists. These forms are followed by different degrees of support from government sectors in each country.

As a member of the Global Animation Team of the Solidarian Socio-Economy Pole (www.socioeco.org) during the period from 2000 to 2005, we were asked to look for an equivalent to the Spanish expression Economía Solidaria in the English-speaking countries or in those where that language would allow us to communicate during certain events as was the case with the World Social Forum which in 2004 took place in Mumbai, India. At that event we could adopt the expression Economía del Pueblo (People’s Economy) to approach distinct initiatives but with some similarity to the already existent cluster. We then found a theoretical vacuum which must be worked on urgently to make visible and develop so diverse and equally important initiatives to face social exclusion as a central theme of the century we move around in.

Likewise in different countries, the expression Solidarian Economy is often associated with Social Economy, a term traditionally reserved for the world of cooperatives. One speaks for example in France, Spain, Italy, and Canada of Social and Solidarian Economy to approach a great variety of initiatives of inclusion in a new labor market. References to this process of historical and conceptual accumulation can be found at www.socioeco.org and also at www.ripress.net, where the germ of an Intercontinental Network of Promotion of Social and Solidarian Economy was constituted as a movement in July 1997 on the occasion of the First Meeting of the Globalization of Solidarity, in Lima, Peru.

This was followed in 2001, in Quebec, Canada, with the Second Meeting, which defined more precise guidelines for dissemination to other regions in the world. The Third Meeting took place in November 2005 in Dakar, and proposed to define Solidarian Economy as “a new way of thinking and living the economy,” which shows the difficulty in advancing a consensus on the deepening of this emerging concept. Finally, the Fourth Meeting of RIPESS (Réseau Intercontinental de Promotion de l'Économie Sociale et Solidaire), held in Luxembourg in April 2009, did nothing more than show the diversity and the advancement of this field of knowledge and intervention in social policies worldwide.

With regard to North America, it is certainly Canada where Social Solidarian Economy has been successful as an organized movement, initially in the Province of Quebec (the Lima-Québec Meeting, 1997), but since 2007 a network of Solidarian Economy in the United States (www.populareconomics.org/usseen) has been 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, ecovillages, organic agriculture, and so on.

We must recognize that this “field” of knowledge and action necessarily implies the combining of 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 very diverse initiatives, which share the idea of putting labor and not capital at the center of the economy, man and not profit in the process of development, man always being understood as economical and social at the same time. This brings about the expansion of mechanisms of accountability and collective and democratic decision making, promotes local development, and reinforces the power of collective action. In Asia, the movement has begun to organize as can be observed at www.aa4se.com and we believe that today, although uneven, Solidarian Economy has global presence as such.

Despite its diversity, in the Americas and other regions of the world, Solidarian Economy involves thinking beyond 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 extreme neoliberalism governed by free markets as well as from the omnipresence of the state.
As quite distinct illustrative cases of the development of Solidarian Economy in Latin America, we should mention, although without further analysis in this space, the cases of:

- Chile, by the particular significance this expression of grassroots economy had as a form of popular resistance to the military dictatorship in the period 1973-93 (Razeto, 1990, and see www.luisrzeto.net);

- Peru, where the first North-South alliance between civil society organizations for the development of Solidarian Economy (www.gresp.org.pe; www.ripess.net) was conceived;

- Brazil, where an organized popular movement for over two decades led to the creation of the National Solidarian Economy Secretariat in the Ministry of Labor and Employment from 2003 to the present. It has lasted more than seven years and has promoted active public policies and the creation of a forum composed of three social actors: workers' organizations, counseling and support organizations (universities and NGOs), and the national government itself: Brazilian Forum of Solidarian Economy (see www.senaes.mte.gov.br and www.fbes.org.br).

Beyond the relative importance, in each country, of the positions of public authority it is important to consolidate and disseminate that knowledge in all the cases impelled by the new organizations of workers, unemployed, and their allies. Both in Latin America—our best-known terrain—and in the rest of the world. To attain that, bearing in mind the sometimes ephemeral character of the national policies and distinct institutional logics, we consider that it is the task of the universities and the international networks of nongovernmental organizations to undertake a triple mission:

- to produce consolidated knowledge in solid, theoretical bodies that show the meaning of the various existent initiatives as an expression of an emerging paradigm, a more than urgent task today, a historical responsibility;

- to provide visibility of the countries, regions and great regional blocks of the variety and magnitude of such initiatives, of the possibility of reproducing and transferring the same;

- to show that an alternative development model should make a system, trying from whatever point where it begins to get articulated in the different stages of the complete economic process (credit-production-commerce-consumption-recycling), until it gets its inclusion in public policy.

As an example of that possibility of articulation we shall cite as an exemplary case the Technological Incubator of Popular Cooperatives of the Getulio Vargas Foundation (www.itcpfvg.org.br) in the city of São Paulo which operates with groups of people with very modest resources, men and women who live on the streets in the megalopolis. It offers them various types of activity in association with local NGOs as is the case of the Association My Street My Home (www.minharuaminhacasa.hpg.ig.com.br) having periodic meetings in idle public spaces where the beneficiaries have the possibility of offering their services during the barter fairs (Solidarian Markets), to get trained for some very simple tasks. Soon they can aspire to form small associations, get microcredit (in official or social currency) to develop microenterprises which are incubated until they are able to get into the formal market. The aim furthermore is that they can gradually participate in the decisions of the Solidarian Market, slowly and gradually approaching fair trade, ethical consumption, the use of social currency, and projects of local development.

At the supranational level, the international networks of Solidarian Economy currently have critical mass to participate as protagonists in new financial instruments which are being developed in Latin America. Such is the case of the recently created Banco del Sur (Bank of the South—see www.aporrea.org/actualidad/a76507.html), whose institutional chart has just been signed by the 12 countries of UNASUR (Spanish initials for Union of South American Nations) and which will allow up to 60 billion dollars in loans to the countries of the region (Ugarteche 2009). This initiative does nothing more than deepen processes begun several years ago in which there have been bilateral agreements to eliminate the US dollar as an intermediate currency between Brazil and Argentina; direct transactions have taken place without the intervention of official currencies. Venezuela has done so with Argentina and Uruguay, providing oil in exchange for technical assistance, pregnant heifers, and wool, anticipating the operation of the sucro (Spanish initials for Only System of Regional Discounts). The first transactions of this system were announced on October 20, 2009 by the Presidents of Venezuela and Bolivia: a Bolivian state company will buy cell phone technology from Venezuela for a million dollars, and Bolivia will export wood, food, textiles, and handicrafts, among other things. In a clear strategy to break the dependence on the US dollar, the sucro may be used as of 2010 in all the UNASUR countries (www.el-nacional.com/wwwsite/p_contenido.php?q=nodo104673/Econom%C3%ADa/Bolivia-y-Venezuela-estrenan%C3%A1l-su-reciente). These are the legitimate spaces so that the Solidarian Economy initiatives of the region may be articulated systemically and promote meaningful exchanges, both inside and outside the countries. It is thus opportune to begin the integration of the different initiatives, such as self-managed cooperatives that may have access to credit in official and social currencies,
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 Solidarist Economy initiatives as ripe for change at the micro, middle, and macro levels, that is, to begin with local development as an instrument of public policy for the generation of labor and income and to reach the whole national development model, focusing on the social, environmental, and economic sustainability. The present challenge is to understand it. And to promote it from each institutional space.

Therefore to continue we will now examine the strategy of the passage from social currencies to complementary currencies a reference point which we consider essential at this stage of a look for innovative solutions to the crisis, which is not simply one of solidarian finances, as is usually mentioned in some initiatives but one of the building of a new development model which privileges labor and not capital.

**Complementary currencies and social money: How they emerged and where they are today**

Although various types of currencies which are complementary to the official 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), complementary currency initiatives are no exception in national exchange systems, but rather the rule: the author describes 465 different initiatives to the national currencies in 136 countries in the world, only in the period studied, between 1988 and 1996. Although these figures speak for themselves, further information can be found at http://money.socoeo.org/ES/documents.php.

It is possible to mention experiences on complementary currencies backed by innovative economic theories, like that of Silvio Gesell (1918), and since the early 1930s, when the Great Depression led to a crisis on a global level and made them opportune. A unique case, not repeated, took place in the small village of Wörgl in Austria, where a negative interest currency was used for two years and reduced unemployment significantly. But... its multiplication was considered “inconvenient” by the Central Bank of that country, which prevented the spread of the phenomenon. The same would occur 60 years later in Brazil, in the small town of Campina do Monte Alegre in the state of São Paulo, where a community currency operated for 2 years until the Brazilian Central Bank managed to negotiate its extinction at the end of the corresponding political term so that the “bad example” might not spread (see Primavera, 2003 “Capital social y moneda comunitaria: lo pequeño es hermoso” at http://redlases.or.at/biblioteca/pkt2003/campininha_moeda_local_brasileira_hp.pdf. The research on this case is still in progress and we hope it will soon be included with the deeper elaboration it deserves in the specialized bibliography.

Since the 1980s, we have owed the Canadian Michael Linton the implementation of the first nonmonetary exchange system in Comox Valley, BC, called LETS, simply meaning “Let’s move (against lack of money),” but later evolved to Local Exchange Trading System (www.openmoney.org). It was a mutual credit system, in which registered accounts were made on a central record and/or “checks” issued in which participants—companies or individuals—under certain conditions exchanged goods and services, keeping positive and negative limits, that is, within preset balances on positive and negative capitalization. Up-to-date information on the initiatives of that pioneer may be found at www.openmoneypage.com. During the following years, the system multiplied in Australia, New Zealand, and northern Europe, and in France, for instance, it has acquired particular characteristics, being called SELs (Systèmes d’Échanges Locaux), paraphrasing salt (sel in French means salt), which once was a common currency in payment systems and is the origin of the word “salary.” Complementary information can be found at www.selidaires.org.

It was in 1992 when in the United States of America 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 it in 1999 and the system still remains and it cultivates the motto “In Us We Trust,” replacing “In God We Trust” present on the official currency of that country (www.ithacahours.com).

Almost 30 years after the pioneering initiative of Michael Linton, we may consider that there are complementary currency systems and social currencies in all regions of the planet. Their uneven development, although incipient, if their overall numbers are considered, reveal nothing more than the presence of something which has come to remain in terms of a mechanism capable of facing the scarcity of money which is already present as an inevitable chronic phenomenon of the current economic and financial system.

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

Its importance lies in the fact that it began as a system of complementary currencies, which, when users took control, became social currencies:
the so-called 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 locale 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—saw in the creation of it a possibility of “doing business” to face the rising unemployment. Instead of sending royalties abroad, as was the case of the multilevel marketing systems then in vogue, which guaranteed enormous fortunes to the project leaders, they appropriated and adapted a successful networking system, introducing it as an essential cunning to deal with the production and consumption capacity of the very participants who were idle for scarcity of money.

Unlike the inspiring system, the users sought to avoid using products too expensive for most of the population which was undergoing rapid impoverishment. That was how the first barter club was born: in times of a political system which enforced privatizations to the extreme in which the “structural adjustment” diminished as much as possible the size of the state and for a decade fixed the national currency at a par with the dollar, deregulated and opened the country’s economy to the world. The foreseeable consequence of that feat was the destruction of national industry, the deterioration of the health and education systems, formerly the best in the region, as well as a free fall of wage labor. Thus was created the fertile soil for entrepreneurial, financial, economic, and political innovation.

Likewise it is 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 reach 19 different ones in the whole country. The pioneer was Salta province, which with Law 6228 decreed in 1984 issued bonds for the cancellation of public debt equivalent to 1.5 million dollars, for three years and inspiring other provinces. See www.camdisalta.gov.ar/LEYES/p19841986.htm. Although no studies have been consolidated for all provinces, data is available from J. Schwarzer and H. Finkelstein (2003) for more on the subject (see www.ejournal.unam.mx/ecu/ecunam6/ecunari0605.pdf).

The situation of a shortage of liquidity caused by the “structural adjustment” imposed by the World Bank and the International Monetary Fund 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 “credits,” 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 multilevel 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. They would attach this to 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 goods and services that they themselves produced. This story can be seen in a publication of which we were the coauthors together with the founders in 1998 at http://redfiles.files.wordpress.com/2008/02/es1998_reinventando_el_mercado_libro3_hp.pdf in Spanish translatable as: “Re-inventing the market: The experience of the Global Barter Network in Argentina.” Strictly speaking it was really an “exchange group” and not a “barter club,” insofar as some sort of “currency” was involved. Owing to the facility of reproducing the system and the impossibility of controlling what occurred in the whole country by the founding group, without a professionalized system of registration and accounting, the same was appropriated by distinct groups which immediately began to dispute decision power for the issuing of utilized bills and thus the very sense of the original product.

A particular case study: The Argentinean model of “barter club” transmuted in Brazil

Let’s examine as an example how a barter club of the “Argentine model” which was in force in the period 1995–2002 was organized and still functions in several countries of the region when certain conditions of control of the issuing and distribution of the currency are respected.

A group of interested people gathers to launch this activity, normally being assisted and supported by leaders and members of another group already working. It may be a formal organization of civil society with or without support from government organisms.

From the beginning, it should be clear that leadership must not be performed by one single person but should always include the whole promoter group, in order to avoid a concentration of tasks and an excessive dependence on one person because that would be detrimental to continuity and the multiplication of the experience elsewhere. It is recommended that a group
that promotes a “barter club” be composed of five to ten members at least and during two months meet weekly to perform the following activities:

1 to determine the “potential market” of the group, that is, verify the type of products, services, and knowledge each individual might offer and receive from the group;

2 to create a possible name for a first community currency that should be produced by the group and which reflects as much as possible some local peculiarity (talent, merit, zumbi, green bond, ecosol, etc.);

3 to carry out several test fairs, using a provisional currency according to the training manual to face situations which can occur in the future;

4 when some products or services are lacking, one will look for new participants which can offer them and they will be invited to the preparatory fairs;

5 to choose the name and design of the currency which will be made through consensus, and obtain the (few) resources which will be necessary for printing it;

6 to launch the first public fair as soon as possible; only people known to be interested in participating at least in this experience should be invited;

7 to organize an ecobank as a space for obtaining social currency units in exchange for products which each one must take to the fair, which is previously agreed on in the preparatory meetings; two people will be operating in the ecobank as follows:

8 every participant shall bring a certain amount of products previously agreed on; let us suppose this amount was fixed at the equivalent to 30 dollars; Juana will bring 10 mugs worth 3 dollars each and the ecobank will “buy” 3 of each and will keep them as a backing for the social currency units; on that occasion Juana will receive 9 social currency units equivalent to 9 dollars so that she can begin to “buy” even before selling; thus a certain amount of social currency is put in circulation and it may vary according to needs;

9 the prices must be agreed on beforehand so that the social currency will be worth the same as the official currency and the prices will be agreed on beforehand by consensus;

10 once all participants have gone to the ecobank and left about 30 percent of their products, the fair is begun; if the operators of the ecobank verify there is a lack of social currency, they can go to places of less demand and “buy” products so that the participant can satisfy his or her needs and guarantee liquidity;

11 after some time, the exchanges cease and the bank begins to make its “backing” available for people who have social currency so that at the end of the fair people “spend” their social currency by “buying” the products kept, and all the currency goes back to the ecobank;

12 Juana took 10 mugs, handed 3 over to the ecobank, sold 7 at her booth at the fair and bought 2 shirts (used, recycled), 3 books, 4 CDs, and a pie . . . without touching one social currency unit, which she saved for other expenses;

13 eventual cases of unsatisfied needs—for example, Maria wanted a CD which Juana has—are a case for conversations and negotiations which are not possible at conventional supermarkets.

An English version of the training manual Social Currency and Democracy: Manual for Understanding and Taking Action can be found at http://redlases.wordpress.nodo-obelisco. It shows in detail trade fairs with a social currency in all their phases. It is important to observe that “barter clubs” were never a case of direct bartering but rather a strategy to build a market without money. The word barter was used more to avoid the risk of being assimilated to business activities subject to taxation. That is why it was also named “multireciprocal barter,” to avoid the idea that in transactions A hands something over to B and B hands something of the same value to A.

Since the beginning there were outlined at least three very clear trends within the barter clubs: groups with purely business purposes, where the benefit of some was the main focus; groups with clearly social and political purposes, where participatory democracy and equitable distribution of wealth was the main focus; and those which were believed to be “neutral” and adapted the norms of the first or second type 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 organizations were working on building a knowledge-sharing network named REDISA (Primavera, 1999, 2000, 2001a, 2006) inspired by the French initiative carried out by Marc and Claire Heber-Suffren (Joly and Sylvestre, 2004) known since their application in Brazil. The difficulty found 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 addicted to drugs, kids living on the street, unemployed and the elderly), the theme of link building was essential for permanence in the time of the groups.
Likewise, social and cultural asymmetries among participants made the equality of exchanges and the prolonged effect of their practices in time difficult. After visiting some barter clubs in Buenos Aires, we decided to include the exchange of goods and services of primary and secondary need, as a way of promoting a permanent practice in mixed groups which were no longer being focalized.

On the other hand we verified that the asymmetry of participation of the members of the then existent barter clubs was very great: some were extremely democratic and had participatory structures, while others had efficient coordinators (“managers”), who held too much information and decision power often due to a simple lack of a training system adequate for this new form of the creation of an alternative market.

That's how there was created out of the Laboratory for Social Innovation on December 7, 1997 the Node Obelisk, the first experimental “node” of the network undergoing a permanent training process and an Economic Literacy Program aimed at sustaining it. On the other hand the Global Barter Network (GNT) added the exchange of knowledge to products and services (http://redlases.wordpress.com/nodo-obelisco) and began to propose a process of the democratization of decisions with the intention of giving participation to more voices on the network, voices which were coming closer with innovative ideas and mechanisms.

To make a brief synthesis of the development of barter networks in Argentina which shows their evolution, the most relevant quantitative aspects can be estimated as follows:

- From 1995 to 1997: The first barter group of 23 people in Bernal expands into a network of around 30,000 members in 9 provinces of the country.
- From 1998 to 2001: Based on the projection of the total distribution of bonds or credits, some 100 thousand people were reached. In 1999, we proposed these credits be called “social currency,” given the political emancipation they caused, beyond their use as a financial compensatory instrument to overcome shortage of money (Primavera, 2001b, 2003). Only in late 2000, did the RGT (Red Global de Trueque—Global Barter Network) and RTS (Red del Trueque Solidario, Solidarian Barter Network), the two major networks, separate due to the impossibility of coexisting. The publication of our article (translatable as “The Barter Clubs Should Preserve a Sense of Solidarity”) in the daily Clarín on April 24, 2002 in which we insisted that barter clubs must maintain a sense of solidarity is an indication of the need for reflection on forms little known and criticized until then (http://redlases.org.ar/biblioteca).

- From 2002 to 2004: In mid-2002, the Gallup International polling firm estimated 6 million people, out of a total population of 36 million, were practicing some form of bartering within the Argentinean organized networks. In September 2003, the numbers had dramatically fallen by 85 to 95 percent across the country and in all networks.
- In 2007: Recent studies show that about 100 thousand participants are again engaged in small- to medium-sized groups that have not been regrouped in the huge, centralized networks of the previous decade.

Beyond the figures which are impressive because, to our knowledge, they have not been achieved since then, bearing in mind that the whole population of Argentina was then 36 million inhabitants, it is important to recognize some qualitative aspects often neglected in most academic and journalistic approaches. Although those figures strongly invite one to relate the barter system crisis to the financial collapse of December 2001, knowledge of political and organizational aspects of the barter networks situates it exactly one year earlier: it is in December 2000 that the SEPYME (Small and Medium Enterprises Secretariat), 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 working of the “global” network was enough to produce over-issuing, sale and falsification of the “national” credits, all out of control, 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 initiatives of the National Congress to regulate the operation of barter clubs and the issuance, distribution and control of the “social currency.” But the national crisis of 2001 wound up destroying the most important experiment of social currencies managed by communities in the past decades.

Although many regions and clubs had their own social currency, the bewitchment was broken: of the thousands till then existent few initiatives persisted. Apparently an element common to them all is the small size of the groups, the resistance to form networks and the style of management associated to trust in people identified as honest and efficient, with variations in each place. Today it is estimated that 100 thousand people continue to operate in barter clubs, especially in Greater Buenos Aires.

Perhaps, the least visible and still most significant characteristic of Argentinean barter networks was the kind of organization of
self-management of regular (sometimes weekly) assemblies of “nodes” (barter clubs), of regions, and the monthly interzone assemblies at a national level in which people tried to organize permanently rules from below with periodically elected delegates, for the functioning of the network in all its aspects. That phenomenon was emphasized by North and Huber (2004) in a detailed field research project before the 2001 crisis.

Although valid efforts have been made by Powell (2002), Hintze (2003), Coraggio (1995, 1999), and North and Huber (2004), we nevertheless consider a more profound comprehension of the complexity of the phenomenon of the barter networks in Argentina to be in academic debt. There is a need for a systemic approach which should not be exhausted in an isolated fashion in its economic, political, cultural, and administrative aspects. If its fall was foreseeable just during the country’s institutional crisis at the end of 2001 caused by the rigorous following of “structural adjustment” determined by the World Bank and the International Monetary Fund, it seems to us that the expansion of its development during the 1995–2001 period is comprehended less. Even though the works by Gómez (2008, 2009) include a more complex approach to the phenomenon, we understand that a finer comprehension will make it possible to clarify the difficulties of maintenance over time. They have occurred too frequently in most countries which the model was exported to: the groups don’t grow, they disappear after some time or they keep small despite the efforts of few people who put too much energy into something which in relation to its benefits should flow naturally.

On the other hand it is important to mention the process of diffusion of the “Argentine model” to other countries in the region, where innovations were made and where people began with previous social capital. Thanks to the sustained presence of patron groups in other countries and the incessant visits of people interested in reproducing the Argentine phenomenon, the model spread to Brazil, Uruguay, Chile, Ecuador, Colombia, Peru, Bolivia, El Salvador, Honduras, Paraguay, Cuba, and Venezuela. In some of those countries similar systems were already known, but the simplicity of the administration of the Argentine model had it easily installed and had it replace—at least for some time—the previous systems. Nevertheless during the crisis of the system in Argentina, the other ones, with the exception of some initiatives in Brazil, re-coiled (Primavera, 2005, 2006).

In that country, the first barter club, inspired by the Argentinean model, was created in 1998 in São Paulo and still persists as an initiative of reference, a grassroots self-management model, without the support of public administration. It was subsequently disseminated to other state capitals in the country such as Rio de Janeiro, Curitiba, Florianopolis, Porto Alegre, among other cities, and in 2004 the First National Barter Groups Meeting took pace and was supported by the national government. While there are no recent official statistics, it is estimated that more than 200 local currencies exist in the country which support barter systems which are self-managed and are supported by community organizations and/or universities.

In 2000, as a member of the Laboratory for Social Innovation (University of Buenos Aires), we introduced the Argentinean model of barter clubs in the First Meeting of the Brazilian Network of Solidarian Economy, in the city of Mendes, Rio de Janeiro state. This was the occasion on which we met Banco Palmas and its particular microcredit system, implemented in 1998, in a slum on the outskirts of the city of Fortaleza, Ceará state, one of the poorest in the Northeast. A few months later, we were invited to assist the implementation of its pioneering currency the “palmares,” implemented with a lot of enthusiasm from the local leaders. Two years later, at the end of 2002, with financing from the Dutch organization STRO (www.stro.org) we were able to make a contribution with the installation of the Projeto Fomento (Promotion Project), which launched the “palmas” social currency for the construction of a modest building destined to offer training in Solidarian Economy in the neighborhood. The model evolved, and contradicting the initial tendency wound up being backed by the official currency and running the risk of granting loans in official currency (with interest) and in social currency (without interest). Contracts were made with local businessmen and with providers of basic services such as gasoline, gas for cooking and public transportation. This association of microcredit/social currency, in conditions of stabilized social capital, caused the initiative to get the Award for Social Innovation granted by the Bank of Brazil. The support from the national government (National Secretariat of Solidarian Economy) would soon lead to the formation of a National Network of Associative Community Banks to repeat this in other regions of the country. (See www.bancopalmas.org.br which today has a presence in 54 initiatives.) In November 2009 during the Forum of Social Inclusion and Microfinances, the Central Bank of Brazil reversed a world trend and signed an agreement with the national government and the Instituto Banco Palmas to support the creation of associative community banks. It is worthwhile stressing this unusual fact which marks a daring innovative tendency recognition of the bankruptcy of the monetary system in force, a tendency for treating the theme of social exclusion and commitment with alternative proposals: see www.bcb.gov.br/prel/acordos_E_convenios/acordo_de_cooperacao_tecnica_Bacen_Mte_Senaes.pdf.

It is important to recognize here that the present model of associative community banks with social currency in force in Brazil (www.banco-palmas.org.br/oktiva.net/1235/nota/12311) integrates—most creatively, perhaps just as the participatory budget of Porto Alegre has—the Argentine model of social currency, the strategy of microcredit of the Banco Palmas and government aid, distinct approaches which oblige different social actors...
such as entrepreneurs, grassroots productive organizations and government entities to consider a different viewpoint.

It is not however a unique experience. Various experiences which associate training for cooperatives with self-management, microcredit, social currencies, and local development are developed in other regions of that country. Such is the case of the Technological Incubator of Grassroots Cooperatives of the School of Business Administration of the Getulio Vargas Foundation in São Paulo, the academic leader in the specialty where they develop pioneer grassroots projects of assistance to low income populations residing in the city of São Paulo whose metropolitan region has around 20 million inhabitants, nowadays being the third megalopolis on the planet (www.itcpgv.org.br).

The examples of Latin America are then extremely innovative, thanks both to their formats as well as to the construction of alliances which they promote. Bearing in mind what was done in Brazil as inspired in the Argentinian model, it seems to us useful to introduce here similar initiatives in force in Europe understanding they can be an inspiration for other local realities:

1 In France, the SOL Project, promoted by the Equal Program of the European Union Fund, just completed its third year of implementation, and has managed to successfully associate the use of complementary currencies to social ends with a sophisticated technology of an intelligent card connected to internet which allows one to endow the system with high reliability (see www.sol-reseau.coop). Its application is being studied in Brazil and Argentina.

2 In Germany, the so-called Regio system has been developed by different nongovernmental organizations and gathers around 20 different currencies, with material backing and regional autonomy, in many cases using a system of negative interest (demurrage) which makes them promoters of the reactivation of local economies (www.chiemgauer.info, www.moneta.org, and www.complementarycurrency.org).

3 Last but not least in Switzerland we must cite the WIR Bank, created in 1934, that is, during the very period of the worst crisis of the past century, which has since then served its 60 thousand users, the small- and middle-sized enterprises of that country, and does transactions with them without using the official currency. Recent econometric studies show the anti-cycle effect of this mechanism considered one of those responsible for the robustness of the country’s economy (Stodder, 2007 and www.wir.ch). Anticipating a deepening of the recent financial crisis, various countries study the possibility of establishing it locally.

Such a diversity of financial mechanisms we have been considering above does not address projects and theories, but rather realities that can be articulated synergistically to face a crisis that, according to the experts, is far from being overcome.

In this sense, we understand the following:

- The current crisis is not just a financial or economic crisis but rather a paradigmatic crisis, given that the frequency with which the crises occur makes it impossible for them to be resolved without appealing to “innovations” which are not part of the system, that is, without breaking the system! (Primavera, 2006).
- If we want to approach the solution of the “crisis” which is not such, that is, if we want to change this state of affairs, that must be done in a systemic and not localized, partial, and fragmented form as has been done thus far. The ensemble of “innovations” mentioned above speaks of the need for cooperation by the distinct social actors given that with them there are involved the public powers (the Brazilian Network of Associative Community Banks, the SOL Project of the European Union, the National Barter System of Venezuela), organizations of civil society (barter networks in Latin America: Argentina, Brazil, Chile, Ecuador, Peru, Colombia) and the entrepreneurial organizations (Wir Bank, cooperative banks, and conglomerates of various sized enterprises).

There still remains the reflection on the responsibility of undertaking such an articulation with actors, current projects, and initiatives yet to be created both in the field of solidaritarian finances as well as inside the Solidarian Economies, which are still traversing on very different tracks if not in frank competition or even opposition.

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 without the Solidarian Economy.

Is an enduring bond of common good between Solidarian Economies and social currencies possible?

We have seen that we are witnessing a very wide range of “monetary” innovations if we have a formal look at all existing complementary currencies as is the case of bank checks, sales coupons, company’s coupons, loyalty cards, airline miles systems, luncheon tickets, and especially social currencies on the one hand. On the other hand we should recognize the
"economic" innovations in the world of labor, of production and consumption, of credit, of fiscal policies if we consider the ensemble of innovations which shelter the Solidarian Economies.

What separates them? We believe it’s only the theories in which we locate them today because in reality there was no theory for them, neither for the monetary innovations nor for the economic ones when they appeared on the scene of the new economy which emerged in the past decade.

To our knowledge, with the exception of the above-mentioned National Secretariat of Solidarian Economy in Brazil, whose secretary is a renowned academic, to this day social currencies have not been legitimized within the Solidarian Economies, possibly because of an inadequate understanding of their meaning. They are seen as instruments of "correction" of liquidity for those who cannot operate another way!

Social currencies are often ignored as a tool to stress the paradigm of abundance, which they are in a deep sense: the most political expression of subversion of the economy, by 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 protagonists of the real economy that have been displaced by current finances for the benefit of speculation.

For the same reason that Solidarian Economy initiatives in practice compete with each other for resources for their survival, social currencies, being misunderstood, are in an obscure place that does not allow their appropriation as a legitimate, necessary, and useful tool for cooperatives, fair trade initiatives, or responsible consumers. At the same time this reveals the lack of a systemic vision for the other initiatives of the Solidarian Economies which remain relatively isolated from each other as if they were not part of the same economic system. Such a situation is the same as believing that an enterprise needs cooperative self-management or fair trade or ethical and responsible consumption or social currencies or to be part of public policies—and not all those elements integrated as constituent parts of a new model of development.

Just as the expressions of Solidarian Economy will not become a system if they are not articulated around greater unites than cooperatives, small- and medium-sized enterprises, in units at least as big as the territory which harbors them, the complementary social currencies will only be completely achieved when they are used for the radicalization of democracy with the other forms corresponding to each phase of the business cycle of credit, production, commercialization, consumption, and recycling!

How have we arrived at this reasoning/proposal/hypothesis for discussion?

In reality our first approach to complementary currencies was instrumental: we were looking for a strategy of inclusion, trying to put those expelled by the "structural adjustment" on the map. However, the observation of barter clubs with their "social currencies," that is, their instruments

of exchange to the extent of the needs/possibilities of production and consumption revealed to us the occult universe of abundance: everything was possible as value and price could be separated, cooperation and solidarity could be manifested. . . . Not always of course: behavior learned during so many centuries is not changed from night to day.

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 we once called it. That would characterize the paradigm of abundance—the flow that promotes cooperation rather than competition, the certainty that what today could not be successful would be sold 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. How was this possible? It was because the "sufficiency" of currency had interest really eliminated. It never occurred to anyone to ask why there was no interest: those who practiced this new economy understood it better than ministers of the economy and bankers. Social currency is not a commodity. The frontier of the barter markets and the "outside" was free.

Sometimes some people behaved according to the scarcity paradigm, and competition, changing prices, voracity would return. . . . Incredibly the groups became self-regulating.

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

- Silvio Gesell (1818), 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 Wirtschaftsordnung durch Freiland und Freigeld (the natural economic order for free land and free currency). The original work is contained in 19 volumes; it was translated into several languages, its Spanish version being accessible in three volumes in PDF at www.labibiotecavidual.com.ar-SilvioGesell20%-El_ord恩Economico_natural. His ideas were not applied in Argentina when he was alive, but in the small town of Wörgl, Austria, had the merit of applying it and that was able to reduce unemployment significantly during the dramatic depression in the 1930s.
Margit Kennedy (1998), a 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: the compound bank interest (www.margritkennedy.de). Her work demonstrates how only with the counterweight complementary currency which functions in the opposite direction can the tendency for concentration be reversed and can one aspire to manage a sustainable medium-term development.

The Belgian economist Bernard Lietaer (2001), who worked on the first draft of the European common currency, later delved into the mysteries of human acceptance of money as a “fate” impossible to change. He found in the archetypes of the collective unconscious proposed by C. G. Jung the basis for a possible explanation for our behavior toward the inordinate possession of all kinds of goods (www.lietaer.com). This author was doubtless fundamental for our elaboration of new tools of the paradigm of abundance. For him the archetype in old “matriarchal” societies was the Great Mother Earth (Pacha Mama in South America), the promoter of abundance and distributional equity. Her repression during the long civilization process put the Great Mother in the dark: voracity, inordinate competition, a tendency for accumulation, and fear of scarcity, casually the cornerstones of the capitalism we know today.

Drawing on these theoretical bases, we could redesign the Economic Literacy Program, focused on the individual and the overcoming of unemployment, and create another program aiming at building a radical democracy for sustainable local development, with social currency as a component of a greater ensemble: the Colibri Project (www.relases.org.ar/colibri; www.proyectocolibri2008.wordpress.com).

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

1. Power is an inevitable, permanent, necessary, and creative game.
2. The planet is abundant: it has enough resources to satisfy the needs of all its inhabitants in dignity and in harmony with nature.
3. Each of us is responsible for his or her part and also for the whole.

Since 2003 we have included the Colibri Project tools in many different initiatives, particularly in the field of the Solidarian Economies or participatory democracy. The results obtained so far and the observation of the above initiatives (associative community banks with social currencies, virtual systems of exchange between enterprises, participatory budgeting initiatives) indicate that there is a fruitful road to traverse.

However, the case is urgent. We must efficiently place our responsibilities at the center stage: to refute everything we have done and which has left us where we are today (Flores et al., 1996).

We must suspect our certainties. Be capable of giving another destination to social practices that are an expression of the paradigm of scarcity, of the shadows of the Great Mother Earth, which, we know concentrate wealth as is the case, for instance, with:

- the right of inheritance, which perpetuates a system of handouts for those who have not worked to the detriment of those who wish to do so;
- the practice of rent as legitimate income, which ignores that the planet has space enough for everyone to have their own home;
- compulsive saving, which “forgets” that money can be an instrument of exchange sufficient to promote the common good;
- the practices of unnecessary consumption, which do not take into account the global responsibility of every citizen with his or her fellow citizens nor with the future generations.

If Adam Smith could not be critical of the “scarcity” conveyed by the dominant ideology of his time, today with internet and the communications revolution, where mail chains, social networks, and cell phones may do more than the stock market, we know that there is the “abundance” of all we want to redistribute.

If we want to redistribute something, if we want to think of the future generations, the word once and for all can be with us.

Translated from the Spanish by José Brendan Macdonald and the author

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