

Alternative Currencies and Community Development in the Majority* World

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Communities in countries around the world are re-discovering their ancient currencies, and putting them to good use in the modern world.

All around us, we see the roots of both environmental degradation and perpetual human migration, among many other social ills directly related to the type of money we use. After all, it is not money itself that is the root of all evil, it is the *desire* of money that is the real problem.

Why leave a deposit of minerals in the ground, or a grove of trees standing if it generates more interest for the property owner to cut it down today rather than later? Why live at home, working for a low income, when a better income can be found in the city, or just someplace else?

Now that we are realizing the social, environmental and even the economic consequences of using conventional money, thanks to the rapid increase in internet communication, we are seeing a resurgence in the use of parallel currencies in many parts of the world today. What these currencies offer is a new symbol of social and ecological value.

Although they are included in the field of “new economics”, parallel currencies, currencies that serve only one area or one community are not at all new. In fact, parallel currencies have existed alongside each other for thousands of years of human economic activity. Once separated by long walking distances, communities used these currencies

*Majority World: A more appropriate term for what was formerly called the “Third World”.

to regulate the economic activity of their area by providing an accurate measure of value that fit the reality of the situation.

Value is not an easy thing to measure—it is not the same thing as weight, distance, speed, capacity or other values that can be measured, but like these things it is a measure. It is simply information, and like the internet, a form of mediated communication between people. But like these other values, there can't be too much, only as much as there needs to be. Otherwise we run into trouble.

That's the problem with conventional national currencies—there can either be too much or too little—there never seems to be an equilibrium. It's like being on a rollercoaster with no end in sight. If there's too much money in circulation, the price of goods and services rise and the value of the money falls. If there's too little, the economy spirals into depression and unemployment.

Parallel currencies are rising to fill an increasing need for stability in communities the world over. However, whereas in the past these currencies were introduced solely to alleviate monetary crises and the resulting social impact, they are now being consciously introduced in order to affect structural change and bring stability to the global monetary system at the same time.

These efforts at effecting structural change are generally grouped under the term “new economics”. However, “new economics” is not new at all. The economic roots of a sustainable society are in fact quite ancient, stemming from the time that humans truly did live within nature's web.

However, it is the recent advancements in communications technology, coupled with the realization that our money system is heading for collapse, that new economics has risen to fulfill the role of mid-wife in birthing a new economy.

From a handful of local currency systems 15 years ago with a few dozen people to several thou-

sand systems with an estimated 500,000 participants today, local currencies are quickly becoming established throughout the world. Although recent developments started in North America and Europe, very significant developments are emerging from the third world, what we should more appropriately call the “majority world”.

Rather than drawing from only a few types of common local currency system, such as LETS, Hours or Time-Dollars, efforts now underway in Asia, Africa & Latin America draw from a wide variety of historical examples and time-tested methods to serve very specific local requirements. To be truly successful and long term, these systems must match the social and cultural criteria set by the people who live in each particular locality. Even if that means not using a medium of exchange, but simply by enhancing reciprocity in the community.

Coinciding with a decline in contributions by the wealthy countries to the rest of the world, local efforts are being made to put majority world countries on a course of independent economic self-development. Whereas foreign aid often results in the domination and control over recipient countries under the guise of ‘assistance’, self-development efforts put the tools and control in the hands of people and communities to design, plan and implement. The need to put economic control back in the hands of towns, regions and countries subjugated by foreign capital, has made the necessity of introducing parallel currencies more important than ever.

Micro-Financial Initiatives are the most significant form of independent economic self-development effort underway in the majority world today. These include micro-loan programs lending small sums to individual producers and small enterprises, regional development banks that work to support local and regional industries, and ecological reconstruction and community health projects.

However, something is needed to tie these growing efforts together into a practical and meaning-

ful whole, and parallel currencies are this something, and they can easily be joined into existing Micro-Financial Initiatives.

Public Transit Currency in Curitiba, Brazil

In the city of Curitiba, Brazil, the garbage was really starting to pile up and there was no money to pay to have it removed. But there was an unused form of money that was circulating around Curitiba every day, which were the seats on its public transit buses. So what they did was give one bus token for every bag of garbage brought to a local disposal center. These bus tokens could then be sold to the public, or used for a ride. It didn’t cost any money to start this program, but a lot of funds were generated, a lot of garbage was picked up, and a lot of people took the bus.

‘Bons de Travail’ Currency in Dakar, Senegal

In the Grand-Yoff District of Senegal’s capital city of Dakar, a local currency was introduced by two west African NGOs, GRAF and ENDA Tiers-Monde. The project’s coordinator, Hassan Aslafy, was a participant in the Systemes D’Echange Locaux (Local Exchange Systems—LETS) in France.

A group was formed to design a culturally appropriate exchange system that addressed the people’s needs, issues and concerns. After working for many months, and using the existing network of Credit Unions, the project was launched in March of 1998.



Bons de Travail”, as the currency is called,

are denominated in hours of time, with one hour the approximate equivalent of 1000 Francs CFA or \$1.50US. It costs just 500 Francs CFA to become a member, who in turn receives 5 hours worth of “Bons”. The community group running the project first assembled a catalogue of offers and requests by the people participating in their group to facilitate a “gift economy” of simple barter. Later, this catalogue was distributed and posted at their regular neighbourhood markets, through which they introduced their local currency into the community. For now, this system runs very much like an Hours system.

‘Tianguis Tlaloc’ Currency in Mexico City

In the Mezquital Valley of Oaxaca State, Mexico, the Tianguis Tlaloc parallel local currency was launched in 1994 by Promocion de Desarrollo Popular (Promotion of Popular Development), a grassroots NGO, in a community of Indigenous people to give economic power back to the people.. At the same time, another group of indigenous people, in neighbouring Chiapas State, had taken up arms against the government to fight for their rights. Fearing the parallel currency might gain ground and be used to support the rebellion, the project was terminated by the government that same year.

Undaunted, the Tianguis Tlaloc was refounded in Mexico City two years later to link individuals and organizations participating in La Otra Bolsa de Valores (The Other Stock Exchange). Like Dakar’s Bons de Travail, the Tianguis Tlaloc is also time-based, with one hour roughly equivalent to 25 pesos or \$3US.



However, the way the Tlaloc is issued differs

significantly. Rather than simply giving the parallel currency to people who join, as in Senegal, Tianguis Tlaloc members are given accounts. The notes each person receives when they join must be signed, much like a cheque, in order to be activated. When the note passes through the administration, the accounts are debited or credited accordingly. The benefit of this model over others is that it allows people to issue their own interest-free credit, backed by the promise to make up that commitment to the community over time. In this way, the Tlaloc is a hybrid between the LETS and Hours type of system.

“Creditos” Currency in Argentina

In just a few short years, Argentina’s Global Exchange Network (Red Global Trueque—RGT) has exploded from a small neighbourhood group of 20 people in 1995 to 200 groups with more than 200,000 participants nationwide, with offshoots sprouting throughout Central and South America. In Argentina, the circulation of Ticket Trueque’s have grown to over \$5 million US dollars worth.



The movement grew out of the Regional Self-Sufficiency program of the Argentina government, which became interested in this small, un-registered community group’s desire “to make a deeper shift by relating ecological concerns to social and economic issues”, according to a participant in the first neighbourhood group.

Local Currency Systems in Thailand

In Thailand, the Thailand Community Currency Systems (TCCS) is working to implement a variety of local currency solutions to community economic development challenges.

A project is underway to implement what could be called a “Cereal Bank”, where farmers receive credits based on the amount of grain they deposit in the granary, based on one of the earliest forms of money, the Shekel. Shekel means “bushel”, and originally was a receipt representing a farmer’s deposit. These credits decline in value over time, corresponding with natural spoilage, and so they are of little value as a savings instrument. Rather, they are intended to circulate rapidly. Another project involves implementing a printed local currency called a ‘trading coupon’, which suits the local area and culture



To build the community foundation for this type of system, TCCS has first implemented a interest-free Community Currency System. Community members can open an account in the Community Bank, and withdraw local currency up to a value of 500 ‘Bia’, equivalent to 500 Baht. On openin day of the system over 10% of the community of 2,500 people had registered.

Rather than seeing their systems as isolated from other groups in society, as local currency groups in North America tend to do to their self-exclusion, local currency systems in the majority world see their economic efforts as directly connected to the many different efforts underway. So they use their systems to facilitate materials recycling, work collectives, volume-buying groups, loan-circle financing, mutual aid, community health and social welfare, project fundraising, shared agriculture and construction efforts and many other forms

of collective effort in reaching common goals.

The growth and spread in internet use has facilitated this knowledge exchange so that groups in these countries could access information from our websites quickly and easily. However, in addition to language barriers, they had to sort through piles of information to find a few nuggets of information useful for their situation. To improve this, a website has been up for the last two years focusing primarily on local currency efforts now underway in Asia, Africa & Latin America at <http://ccdev.lets.net>. Community Currency projects in Asia also have their own website to provide information about systems in Japan, Thailand, Indonesia and Nepal, at <http://members.tripod.com/asiaccs>.

Stephen DeMeulenaere has been working with parallel, local and community currency systems in Africa, Asia and Latin America for the past 5 years, and with similar systems in Canada and Europe for the past 12 years. His articles have been published in New Internationalist magazine, South African New Economics forum, E.F. Schumacher Society’s Local Currency News, the International Journal of Community Currency Research and the International Journal of Social Economics and other publications. He can be contacted at stephen@appropriate-economics.org and his website can be visited at <http://www.appropriate-economics.org>.