Large-scale currency circuits as anti-crisis mechanism: the Argentine Redes de Trueque

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1. INTRODUCTION

For over 10 years between 1995 and 2006, Argentina had the largest non-governmental currency system in the world, Redes de Trueque (RTs). Complementary currency systems (CCSs) are networks of households or businesses that exchange goods and services using self-organized means of payment, which are always of voluntary acceptance and may or may not be pegged to the national currency. The Argentine RTs are paradigmatic in how they countered the economic demise of the regular economy, although they existed before and after the crisis. In the four years between 1999 and 2002 the Argentine gross domestic product (GDP) shrunk by a total of 25 per cent, marking a downturn characterized as the worst fall in any major capitalist economy not at war (Gerchunoff and Llach 2005; Llach 2004). In that traumatic period for many Argentines, the RTs were the lifebuoys to which 2.5 million low-income households clung to stay afloat and their complementary currencies became a symbol of the resilience of the grassroots’ economy. Women, informal workers, and low-income households benefited the most.

While the role of the Argentine RTs for economic survival and recovery is well established, the experience has not repeated elsewhere in any remotely similar form in the last 25 years. The reason for this cannot be the absence of economic or monetary crises in the world. The Systemic Banking Crises database (Laeven and Valencia 2010) reports that between 1970 and 2010, there were 145 banking crises, 208 monetary crashes and 72 sovereign-debt crises, and some sources emphasize that this totals no less than 425 systemic crises in three decades (Lietaer et al. 2012). Currently, the International Monetary Fund (IMF) World Economic Outlook describes the contraction of economic activity in 2020 as ‘unprecedented in living memory’ (IMF 2021, p. 1). The economic devastation caused by the pandemic and...
its containment policies shows an output contraction of over 10 per cent in several countries (IMF 2021, p. 8), and the loss of income affected women, youth and informal workers most severely. The report estimates that an additional 95 million people are suffering extreme poverty in 2020. While governments hope that economic output and employment will bounce back on their own, some have implemented whatever expansionary policies their budgets and political perceptions allow them. In the meantime, grassroots groups have launched various projects to regenerate livelihoods at the local level, including complementary currency initiatives (see Adriano 2021) that remain, overall, small.

In the context of post-pandemic economic recovery and for future crisis scenarios, it is important to understand the factors that generated such an effective counter-cyclical mechanism in Argentina, and not elsewhere. This chapter revisits the experience of the Redes de Trueque (RTs) 25 years after their origins to investigate the generative conditions that led to their development and the income effects on low-income groups. What factors facilitated the emergence, growth and persistence of the RTs?

The RTs have been well researched but there are notable gaps in the interpretation of their origins and effects, with a generalized perception that they were primarily a reaction to the crisis. As indicated, there have been many crises but none of them generated a similar compensatory mechanism, so the explanation must be completed by considering other factors. In turn, the interpretation as counter-cyclical mechanism is tainted because the field research was rarely conducted before or after the crisis (1999 to 2003), although some notable exceptions studied the first years of the experience (Coraggio 1998; DeMeulenaere 2000; Morisio 1998; and a few others). In addition, there is a divide between the work authored by Argentine researchers, often in Spanish and in non-peer-reviewed publications, and the work of international scholars; their interests and understandings sometimes differ. This chapter presents an analysis of the context based on national statistics, secondary data and primary data gathered in the second half of 2004, the second half of 2006 and November 2013, as part of a major research project.

2. GENERATIVE CONDITIONS OF COMPLEMENTARY CURRENCY SYSTEMS

There is considerable evidence in economic history on the use of multiple currencies during and outside periods of economic crisis (Fantacci 2008; Gómez 2018; Ingham 2004; Kuroda 2008b; Marmefelt 2019; Tymoigne and Wray 2006). Taking the past two centuries of history, in emergency
situations when states have collapsed owing to wars and revolutions, monetary systems fell apart and alternative means of payment appeared to keep economies functioning at a local level (Greco 2001; Kuroda 2007; Schuldt 1997). Pick (1978) has documented hundreds of complementary currencies used in emergency situations. Three examples of the collapse of monetary systems in the twentieth century were the First World War in the German-speaking countries (Offe and Heinze 1992; Onken 1983), the Great Depression in the USA (Colacelli and Blackburn 2009; Fisher 1933; Gatch 2008) and the Civil War in Spain (Sánchez Asiaín 1999, 2013). The emergence of non-governmental or alternative currencies was common to these three historical cases, when groups of actors at the local level took the creation of currencies into their hands as official money vanished or became seriously disrupted. The issuers included municipalities, temporary or military authorities, notable leaders of high reputation, large producers or traders, and other figures with sufficient legitimacy to print money and make it acceptable.

The connection between crisis and the disappearance of means of payment implies a political or an economic vacuum, and what was partially replaced at the local level was the function of money as temporary means of exchange and unit of account, not as reserve of value. Several instances of economic demise in Asia have similarly led to the emergence of means of exchange that protect local economic activity (Hayashi and Utashiro 2020; Kuroda 2018). The Great Depression was another case of severe economic distress and scarcity of means of payment (Kindleberger 1989) that enabled the emergence of dozens of local currencies called stamp script (Fisher 1933; Gatch 2008). Issuers included local authorities, large retail shops, traders and local associations of various kinds. Colacelli and Blackburn (2009) compared the stamp script in the USA during the Great Depression and the RTs in Argentina during the crisis of 1999–2002. They show that the amount of national currency in Argentina shrunk drastically during the crisis of 1999–2002, in part owing to the currency board policy, and this monetary crunch supported the acceptance of other means of payment. However, they indicate that the RTs were abandoned when the government issued higher amounts of pesos in 2002 and 2003, but this reasoning is historically incorrect. The RTs continued running at least until 2013, the last period of data collection by this chapter’s author. The research by Colacelli and Blackburn (2009) makes no reference to the unequal impact of the downturn on marginalized groups.

While a socioeconomic demise may generate the conditions for the emergence of complementary currency systems, a question that remains is what keeps them running? As expressed by Vallet (2016, p. 480), it is ‘not uncommon to see such projects arising during turbulent times, but it is
uncommon to see them endure and flourish’. The expectation is that one currency would prevail and suffocate the others. In pioneering research to define an answer, Kiyotaki and Wright (1989, 1993) studied multiple currencies in competition for their acceptability as means of exchange. Their models show that under certain conditions a multiple currency system was possible and stable (Kiyotaki and Wright 1989), although one currency would be preferred over others (Kiyotaki and Wright 1993). Several researchers followed that line of enquiry, although referring to the simultaneous circulation of a domestic and a foreign currency, such as the spontaneous dollarization of monetary systems in developing countries in which dollars are used as reserve of value. Still, in a review of the literature on ‘multiple payment systems’, Craig and Waller (2000) first refer to foreign and domestic currencies and then add ‘privately issued’ means of payment in the form of commodity-backed currencies issued by non-governmental entities. Cavalcanti and Wallace (1999) also study public and private types of currency and show that two currencies can circulate simultaneously if the official supply of money is not sufficient. Argentina was described as a ‘monetary disorder’ with episodes of ‘missing money’ (Mogliani et al. 2009) and it presents the simultaneous use of pesos and dollars (Guidotti and Rodriguez 1992; Kubo 2017; Ozsoz and Rengifo 2016).

The circulation of multiple currencies may occur in times of peace and this situation can be stable in the longer term. The circulation of various currencies at the same time in the same territory has been termed monetary plurality and it implies more than one unit of account or more than one currency, or both at the same time (Blanc et al. 2018; Gómez 2018). Some authors argue that the critical factor that enables monetary plurality is not only an economic demise but the governments’ relinquishment of sovereignty to decide on monetary policy, hence enabling other actors to intervene in monetary matters (Lo Vuolo and Pereira 2017; Magnin and Nenovsky 2020). Indeed, Argentina had a currency board when RTs was launched and the government was limited in its decisions on monetary policy.

While there appears to be a general link between economic downturns and the emergence of complementary currencies, an understudied connection is that between currencies and their specific uses and users. Historically, a person’s relationship with money depended on social status, and up to a hundred years ago the poor in many countries would use money occasionally and in urban areas (Cohen 1999; Lucassen and Zuijderduijn 2014). The various currencies in circulation were not equally accessible to all and were not chosen uniformly for all transactions by everyone (Lucassen and Zuijderduijn 2014). With the settling of central banks in modern times and the monetization of trade across the world,
currency supplied by the state appears uniform across the entire territory and in equal terms for all socioeconomic groups. However, this uniformity has been contested; Lucassen and Zuijderduijn (2014) edited a ground-breaking collection of studies in several continents and historical periods on the relationship between different means of payment and the socioeconomic background of their users. For example, Lucassen (2014) studies the case of India in colonial times and shows that economies based on waged labour required vast amounts of small-denomination currency when wages were low and income distribution was extremely regressive. When small change was insufficient in these economies, the poor could not pay and get paid. In recent times, the demonetization in India following the decision of the central bank to withdraw bank notes of high denomination to reduce suspicious cash payments, suggests that economies with large informal sectors require high-denomination currency (Guérin et al. 2017; Midthanpally 2017). The level of financial exclusion is critical in this; in developing countries, only a fraction of the population uses banks or has access to means of payment other than cash (Demirgüç-Kunt and Klapper 2013; Kempson and Whley 1998; Lokshin and Yemtsov 2001; Sarma 2008).

In turn, some authors argue that the state monopoly over money has rarely been accomplished anywhere and most countries have systems of points, miles, tokens, stamps and vouchers that enable certain types of trade which cannot be completed without them (Blanc, 2016). These are tiny niches but may be plenty in number and significance, especially for low-income groups. The reasoning relates to the Polanyian discussion on all-purpose money versus special-purpose money (Blanc 2018; Saiag 2014). So, under conditions of monetary plurality it is conceivable that the various currencies would not do the same but each of them would be fitting or exclusive for specific uses and users. The implication is that for some social groups it may be difficult or costly to obtain the means of exchange that are most appropriate for a particular trade, for their socioeconomic segment or geographical situation, as suggested by Lucassen (2014) and Kuroda (2008a). The stable matches between social groups, the product traded and the most adequate currency for that transaction are termed currency circuits (Gómez 2018; Kuroda 2008a). Parallel currency circuits pair different groups and their trade with specific currencies, which implies that some currencies are used by the better-off and others are the ‘money of the poor’ (Baubeau 2019).

Collins (2000) set the basis to explain why the uses of currencies are stratified by socioeconomic groups and become an expression of inequalities. Collins (2000) advanced Zelizer’s original argument and claimed that the stratification of currencies represents class inequalities. It is not about
the meanings or ‘earmarking’ of money (Zelizer 1989), which is only a tangential explanation in this instance, but refers to Simmel’s conception of money as ‘a relationship with the economic community that accepts the money’ (Simmel, 2004, p. 176). Collins discusses the existence of an ‘ultimate lower class on the margins of society’ who receive complementary currencies that only allow certain kinds of expenditures (for example, food stamps). The ‘currencies of the poor’ are inferior because they are highly specific and lack the ‘freedom’ of more generally negotiable currencies.

In summary, monetary plurality is far from a historical anomaly but there are some specific generative conditions that facilitate their emergence. Complementary currency systems have been associated with periods of war, depression, emergency and other instances of political and economic demise, but also with governments’ relinquishment of monetary sovereignty, loss of control over monetary affairs and stringency of currency. In turn, there is mounting research on the socioeconomic stratification of currencies by users and uses, as an expression of class inequalities. Low-income groups would normally suffer the most from the generalized scarcity of means of payment and economic downturns, so complementary currency circuits would support these groups the most. The specific literature on complementary currencies underlines the link between alternative means of payment and low-income groups, but the more established currency search models (Blanc et al. 2018; Calvo and Végh 1992; Cavalcanti and Wallace 1999; Craig and Waller 2000; Kiyotaki and Wright 1989; Shevchenko and Wright 2004) are dismissive of complementary currencies owing to their minuscule niche size or, as Fare and Ould-Ahmed (2014) suggest, because means of payment that do not come from the state are not considered ‘proper’ modern money (Dodd 2005; Ingham 2004; Wray 1998). While they may be niches, complementary currency systems give the poor and unemployed the opportunity to transform their labour time into purchasing power (Offe and Heinze 1992; Williams et al. 2001). The next section briefly reviews the characteristics of the RTs to further explore which of these generative conditions were present and in what ways they supported the development of the RTs in Argentina.

3. WHAT WERE THE REDES DE TRUEQUE?

The first node of what would later be the RTs was launched in Bernal, a low- to middle-income suburb in Buenos Aires, in the first half of 1995. A group of three environmentalists and 25 neighbours of the disenfranchised middle class formed an exchange network to trade home-grown
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vegetables, homemade foods, handicrafts and artisanal toiletries. They met every Saturday in a garage and participants could take goods for a similar value of those they had brought, with some flexibility to solve the problem of equivalence of values. To enter the network, participants received a small amount of currency as a small loan. After that, they had to provide a service or sell products they made, bought, received, reused, repaired or recycled in order to trade in the complementary currency system. The scheme was economically effective and socially meaningful, and it appeared positively in a television show one year after its start. By the end of 1996, there were 1000 participants spread in 17 locations or nodes in the metropolitan area of Buenos Aires. In what appears to be the first academic research on the RTs, Morisio (1998, p. 10) reports that by the end of 1997 there were 66 nodes in the largest network and an estimate of 13 200 registered members. The initiative continued growing and gained government’s support, which translated into the sponsorship of two large RT meetings. By 1999, the various Redes de Trueque across the country reached an estimate of 180 000 participants in 200 nodes (Ovalles 2002), some of which had several thousand members who attended the markets every week. During the crisis, they grew at a spectacular speed, as discussed in the next section.

Figure 9.1 shows estimations of the RTs’ evolution from various sources up to the final period of data collection in 2013, although the data require significant caution. These are unofficial figures based on consultancy research for the period 1995 to 2002 (Ovalles 2002) and rough estimates

![Figure 9.1 Size of RTs in participants and Trueque nodes](image_url)

Sources: Ovalles (2002) for 1995–2002; Gómez’s estimation for 2003–13 based on RTs groups visited and information obtained from organizers and participants.

Figure 9.1 Size of RTs in participants and Trueque nodes
from Gómez (2009) based on the records of the RTs organizations, that rarely had accurate bookkeeping. For example, there is some grey literature documented by members and organizers, but these are hard to obtain and not always rigorous (Covas 2001; De Sanzo et al. 1998; Primavera 1999a, 1999b). For years in which several figures of membership were available, Figure 9.1 shows the smallest number (for example, the newspaper Clarín estimated 6 million members at the peak in 2002. A representative country-wide sample implemented by Fiszbein et al. (2003) estimates membership at 4.2 million participants in August 2002, but Figure 9.1 takes the lower figures of January, 2002). The real membership of the RTs is unknowable.

There are a few other aspects that characterized and differentiated the RTs from other CCSs around the world, other than the scale. The first is the organization. What is generically known as Redes de Trueque were a diverse group of complementary currencies and networks circulating in parallel (same time and space) among lower-income segments of the population, and these currencies were accepted along other parallel currencies issued by national and provincial governments (Gómez and Dini 2016). They formed an unusually diverse ‘monetary ecosystem’ (Lietaer et al. 2010). Some RTs were local and involved a few dozen participants, while others covered the national territory and were organized in networks of thousands of nodes and up to 1.5 million members in one network, according to their own records. Nowhere has a similar attempt been made to create a national, private, yet not-for-profit monetary system as were the RTs (Primavera 2010).

A second characteristic that distinguished the Redes de Trueque from other contemporary CCS was the favourable state intervention at the national level, at least until the RTs reached their peak. At the local level, many municipal governments offered meeting places and even accepted the use of the complementary currency as payment for municipal taxes (Hintze 2003; Plasencia and Gutierrez 2006). In current days, local government support for local currencies has become more common (Blanc and Fare 2013) but at that time it rarely happened (Powell, 2002).

A third aspect concerns the profile of RT participants. Initially, they were impoverished middle-class members with some accumulated assets and skills. González Bombal (2002) presented the RT as a new form of sociability of the disenfranchised middle class. The findings on socioeconomic background were later confirmed by other authors who identified the gender aspect of the initiative, and this was the fourth property of the RT: it was a network of women. Up to 90 per cent of the participants in some nodes were women and 70 per cent of the local organizers were women. The typical situation in the household was of an unemployed
male breadwinner while another household member, usually women, participated in the RT to earn additional but vital income. Many women discovered that care work or what they had regarded as a hobby could become a valuable income-earning activity (Lecaro and Altschuler 2002; Parysow and Bogani, 2002; Pereyra 2006).

4. **RTS AND THE ARGENTINE ECONOMY**

The crisis at the turn of the millennium was the end of a development paradigm in Argentina. The import substitution industrialization strategy that the country had followed since the 1930s was running down and had caused recurrent cycles of growth followed by inflation, devaluation, recession and then recovery again (Gerchunoff and Llach 2005). In the 1980s the downturns became deeper and included two periods of hyperinflation, in 1989 and 1990. The social and economic impacts of hyperinflation were traumatic for many Argentines and opened the path to a series of Washington Consensus structural reforms that included severe fiscal discipline, opening of the economy, monetary restraint, privatization and deregulation. To curb inflation, in 1991 the peso was pegged to the dollar at parity as part of a currency board policy named the Convertibility Plan. The Argentine government committed by law to only issue money if capital flew in. The policy acknowledged that the Argentine economy was already significantly dollarized and allowed the public to nominate bank accounts in dollars. In daily practice, the dollar was reserve of value, and contracts or assets such as real estate were regularly priced in dollars as unit of account. While the government decided not to abandon the national currency (peso), with this policy it relinquished monetary sovereignty in most other respects.

The Convertibility Plan was initially successful in curbing inflation and boosting economic growth. However, in 1995 an economic crisis hit the ‘modernized’ Argentine economy. It caused massive disruptions in the balance of payments and the government managed to stick to the currency board by allowing a drop in the monetary base of 18 per cent (base money is defined as currency in circulation, reserve deposits and accounts of banking institutions in national currency with the central bank). The recession skimmed 5 per cent off the national product and the unemployment rate, which historically was under 6 per cent, soared to 18.4 per cent. It became evident that while the structural reforms had brought an economic bonanza to part of the Argentine population, they also caused the ruin of other groups that could not find employment and became disenfranchised. In that context of deindustrialization and fiscal crisis, the RTS were
launched as a grassroots niche initiative, a network of neighbours resisting impoverishment together.

Section 2 discussed the generative conditions for the appearance of CCSs in history, including a general economic demise with a deep recession and unemployment, a crunch of the means of payment or ‘missing money’ scenario and the relinquishment of monetary sovereignty. These conditions were all present in the Argentine case, but to varying degrees and at different times, and only combined simultaneously in the crisis of 2000–2001.

Figure 9.2 shows the evolution of the number of participants in the RTs and the amount of cash. The RT was launched in a year when means of payment fell and later grew during the worst years of the economic crisis, 2000 and 2001. However, the two curves show no obvious connection after the crisis. The currency board was abandoned in January 2002 and the monetary base more than doubled that year, ending the scarcity of regular currency. In turn, that year the Argentine government reclaimed part of its monetary sovereignty, although the dollar continued to be preferred as reserve of value and, in some contexts, as unit of account, also. In relation to the economic crisis, Figure 9.3 shows the depth of the downturn in output and its relationship to the RT membership; an inverse relationship between them is visible around the economic demise of 1999–2003.

Figure 9.4 shows that the RT membership increased when unemployment and poverty grew. In a country with a modest welfare state such as Argentina, poverty and unemployment go together, but it could be a


Figure 9.2 Relationship between RT membership and monetary base, 1995–2006
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Figure 9.3  Relationship between membership in the RT and GDP, 1995–2006

Note: Unemployment rates are for the second quarter of the year (May) and including job seekers receiving unemployment welfare subsidies. Poverty rates correspond to total urban population (individuals) under the poverty line in the third quarter.


Figure 9.4  Relationship between RT membership and unemployment and poverty rates, 1995–2006
Central banking, monetary policy and the future of money

It is a matter of time before the unemployed sink into poverty, and this may not happen at all (they can resort to savings, temporary employment, training, help from kin, and so on, and join the RTs only after these other strategies are exhausted). Groups outside the labour market are captured by the poverty measurement but not in the unemployment indicator. During the crisis, a quarter of the population ended up living in extreme poverty and over half of the population had incomes below the poverty line, according to official calculations (Cruces and Wodon 2003; Fiszbein et al. 2003). The interdependence between the scale of the RTs and either unemployment or poverty is evident during the economic collapse (1999–2002). Individuals, especially those who were poorer, entered the RTs when the household faced a tight labour market. Outside the period of crisis, the relationship is less clear.

Figures 9.3 and 9.4 confirm the counter-cyclical position of the RTs during the crisis of 1999–2002, but that is only part of the story. The development of RTs can be analysed in three differentiated periods, which are broken down in three graphs in Figure 9.5 to focus on the variations (adjusted scales for participants, per sub-period). The demise of the industrial development strategy and monetary stringency provided the main conditions that gave origin to RTs and their initial rise. Between 1995 and 1998, they expanded at the same time as the output was growing, unemployment was falling and poverty stayed steady. It was a pro-cyclical sub-period for RTs to spread as local niches that protected economic activity at the local level across the country. One of the founders of the RT, Horacio Covas, referred mainly to this period when he asserted that RTs functioned best as a pro-cyclical grassroots’ innovation: a large niche in which participants cooperated and had a small amount of capital to

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Figure 9.5 Relationship between membership in the RT and GDP, three sub-periods 1995–2006
Large-scale currency circuits as anti-crisis mechanism

feed into production and exchange (interview in Luján, 4 November 2006). Members were diverse and included a majority of women, a minority of activists seeking to build an alternative economy, and a mainstay of disenfranchised middle-class and marginalized groups.

The second sub-period, between 1999 and 2002, marked the worst four years in Argentine economic history, with the regular economy melting down and a sharp increase in unemployment and poverty. The RTs’ membership increased sharply and reached a peak estimated at 2.5 million (Ovalles 2002) or 4.2 million participants (Fiszbein et al. 2003). In 2002 the government abolished the currency board, hence reclaiming its monetary sovereignty, and became active in social protection with a subsidy for the poorest households. The RTs declined as the regular economy recovered, as has happened in other instances of emergency secondary currencies (Colacelli and Blackburn, 2009; Gómez and von Prittwitz und Gaffron 2018). The curve of membership has the shape of an inverted V: participants massively sheltered themselves in the RTs during the collapse of the regular economy and they massively abandoned them. The RTs already lost products, cohesion and creativeness around 2002. The economic emergency gave a boost to the amount of participants in the RTs but it also unveiled the damage caused by the rivalry between factions and the organizational weaknesses of what had been conceived as a niche (Seyfang and Longhurst 2013).

Nevertheless, the significance of the counter-cyclical period was paramount as the RTs allowed thousands of households to stay alive without depending on the government’s help.

The final sub-period, between 2003 and 2006, shows the vigorous recovery of output, employment and income. With a massive cash transfer programme for the poor and a loose monetary policy, the GDP grew at average yearly rates of 9 per cent in those four years. The government actively withdrew other secondary currencies that circulated at the provincial level (Gómez and Dini 2016; Théret 2018). The RTs became fragmented in dozens of smaller networks and some disappeared completely while others retained several thousand members. By the end of 2006, membership was about a tenth of the number reached in the crisis, raising questions of how it fell so quickly but also why so many people still saw value in the RTs. Despite their rise and decline, the RTs celebrated a decade of life and could boast that they were the largest CCS in the world. In this period there was still research on the RTs, which disclosed that a majority of women, structural poor and neighbours participated for the social and economic benefits.

Of the generative conditions that historically have given rise to CCSs, the timeline presented here suggests that the evolution of RTs had
multiple causes and these affected the Argentine economy differently at the various times. The RTs developed their own dynamics and were well established when the economic emergency began and they reached their peak. Along the entire decade of the RTs, some degree of interdependence existed between the number of participants and the percentage of the population marginalized under the poverty line or seeking employment, but this relationship was stronger in the crisis period and weaker in the first and final sub-periods. The demise of the industrial development strategy and the relinquishment of monetary sovereignty were crucial in the origins and adoption of RTs, including the first years of the crisis, but less so later. During the economic recovery, RTs returned to their pre-crisis scale, as grassroots’ niches where neighbours in low-income areas resisted poverty together and could recognize other participants’ faces. Such a counter-cyclical economic space was not strictly necessary when the economy was growing and monetary sovereignty was again in the hands of the government, yet thousands of participants remained in the RTs. The next section explores the socioeconomic stratification of currencies (Collins 2000; Gómez 2018; Lucassen and Zuijderduijn 2014; Polillo 2011) and how RTs became the currency circuit of the poor.

5. STRATIFICATION OF CURRENCY CIRCUITS

The crisis of 1999–2002 was an extreme emergency that pushed over 50 per cent of the population below the poverty line. However, the demise of the industrial development paradigm had started earlier and the adjustment policies of the 1990s had additional impoverishment effects. Already during the hyperinflationary crisis of 1989–90 marginalization became widespread across the country and affected most strata of society in a country where about 70 per cent of the population had declared itself to be part of the middle class (Tenti Fanfani 1993). The term ‘new poor’ was used to describe households whose situation depended on their previous status: they had low incomes but significant education, savings and assets, personal capabilities and social networks (Lvovich 2000; Minujín 1995; Murmis and Feldman 1993). They understood the world differently from the structural poor; they were poor with resources, skills and a voice to make their demands heard. During the 1990s and especially the crisis of 1998–2002, larger numbers of households fell into poverty.

In June and July 2002, a World Bank team ran a study with a representative sample of 2800 households with the goal of identifying the impact of
the economic crisis on Argentines and, unlike the official household data, this study included smaller cities of less than 2000 inhabitants (Fiszbein et al. 2003). The study found that 53.7 per cent of the population was poor and 23.8 per cent was extremely poor in June 2002, in line which similar levels as the official indicators. In turn, the study reported that 11.3 per cent of the total population participated in the *Redes de Trueque*, which is equivalent to 4.2 million people. The RTs had the highest incidence among the low-income population: 20.2 per cent of the households of the lowest income bracket (quintile 1) and 15.4 per cent of the second lowest income stratum were RT participants during the counter-cyclical period (1999–2002). In the third quintile the participation incidence is 11.7 per cent, similar to the population average. Almost two-thirds of the RT participants were in quintiles I and II and had monthly average incomes of 32 pesos (USD11.25) and 85.9 pesos (USD30.14) per person in each quintile, respectively. Table 9.1 presents the data of the income distribution of Argentina, the average income in pesos per quintile, and the incidence of participation in the RTs per quintile.

Compared with these figures, the additional income that the poorest RT participants could make in the RTs was extremely significant. Colacelli and Blackburn (2005) estimated for their sample of 639 observations that the monthly equivalent in pesos of the goods and services that households procured in the RT was on average 272 pesos, with a median of 100 pesos (USD35). The conversion of the trade in the RT (in complementary

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### Table 9.1  Data on income, Argentina and Redes de Trueque, June/July 2002

<table>
<thead>
<tr>
<th>Quintile</th>
<th>Distribution income Argentina (%)</th>
<th>Average income per capita in pesos (*)</th>
<th>Incidence RT per quintile (%)</th>
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<tbody>
<tr>
<td>I (+)</td>
<td>3.1</td>
<td>32.0</td>
<td>20.2</td>
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<tr>
<td>II</td>
<td>8.1</td>
<td>85.9</td>
<td>15.4</td>
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<td>III</td>
<td>13.8</td>
<td>146.3</td>
<td>11.7</td>
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<tr>
<td>IV</td>
<td>22.7</td>
<td>240.9</td>
<td>5.5</td>
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<tr>
<td>V</td>
<td>52.3</td>
<td>564.7</td>
<td>3.9</td>
</tr>
<tr>
<td>National</td>
<td>100</td>
<td>214.6</td>
<td>11.3</td>
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</table>

**Notes:** Quintile I includes households with no reported income in pesos. (*) average monthly income per capita in pesos, based on the representative sample data of the study. The official estimation is a mean income of 233 pesos per capita in May 2002 (Permanent Household Survey, INDEC).

**Source:** Fiszbein et al. (2003, pp. 153, 165).
currency) into pesos is inevitably inaccurate (prices almost never followed those in the regular economy), but the estimation suggests that the $RT$ multiplied the average incomes of households in quintiles I and II in the period 2002. That is, the poor and unemployed sharply increased their consumption during the crisis, and perhaps survived the demise thanks to participating in the $RT$s.

After the crisis, the significance of participation in the $RT$s per household shrank but did not disappear. Based on data gathered in several locations in the second half of 2004, Gómez (2010) reported that 360 out of 386 participants in the $RT$ had irregular and insufficient incomes in pesos, according to their own self-definitions, so they participated in the complementary currency circuit to complement income. A minority had no reported income in pesos and lived on various charities and networks. Of those surveyed, 303 respondents could assess how much of their household consumption proceeded from the $RT$s. In this group, 42 per cent estimated that about half of their consumption proceeded from the $RT$s; the other half was covered with informal earnings and governments’ subsidies in pesos. In turn, 33 per cent of the participants covered a quarter of their consumption in the $RT$s and 18 per cent covered 75 per cent of their basic needs in the $RT$s, which implied that some members of the household had to reduce or directly go without food on the days that the $RT$s nodes did not meet. That is, 42 per cent of the participants doubled their consumption by procuring themselves goods and services in the $RT$s and 18 per cent quadrupled it.

Despite GDP growth rates of 9 per cent for four years, there were significant segments of the population that were unable to satisfy their basic needs in the regular economy. So, while $RT$s had many weaknesses and were perceived as an inferior economic circuit, they offered low-income groups a suitable alternative to increase their consumption in comparison to the regular economy. In this line, Pearson (2003) suggested at the end of the crisis that participation in the $RT$s enabled poor households to reserve their minimal income in national currency for purposes that could only be obtained in pesos.

As shown, the persistence of the $RT$s after the crisis goes beyond a temporary failure of the economy in pesos to obtain for low-income groups a consumption level above the poverty line. The crisis of 1999–2002 showed the poor that it was possible to increase their income by developing an additional currency circuit in which resources could be exchanged or shared. The conditions in the $RT$s were more suitable for them to increase their consumption than those offered in the regular economy with national currency. The most affected social groups typically included women carrying out unpaid work in their homes and contributing to the
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household’s welfare by participating in the RTs. Other groups were the elderly with minimal or no pension, the working poor and occasional informal workers. Hence, the final generative condition for the emergence and development of a complementary currency system of the scale and impact reached by the RT relates to the inclusion and exclusion situation of low-income groups in the regular economy, in comparison with those in the complementary currency circuit.

6. CONCLUSIONS

The Redes de Trueque in Argentina have been an incredibly effective counter-cyclical mechanism during the economic demise of 1998–2002, that skimmed 25 per cent of the GDP of the country in four years. However, in various other economic downturns around the world in the past decades, no similar large-scale project of a complementary currency system has emerged. In the economic crisis caused by the pandemic and its contention policies, it is worth revisiting the factors that enabled the development of the Redes de Trueque in Argentina and the implications for other complementary currency systems.

This chapter discussed various generative conditions for the appearance of large-scale complementary currency systems from both an empirical and a theoretical point of view. It has identified that secondary currencies appear in periods of general economic demise with deep recession, unemployment and poverty. In addition, the list of generative factors includes crunches of the means of payment, missing money and the relinquishment of monetary sovereignty by the state. The chapter has argued that these conditions were all present in the Argentine case, but to varying degrees and at different times, and they coincided during most of the crisis of 1999 to 2001. The RTs flourished and reached their peak membership and number of nodes across the country precisely during the crisis. The simultaneous occurrence of these generative factors reflects the complexity of the phenomenon and at the same time makes it extremely unlikely that a similar CCS would develop again as a compensation counter-cyclical mechanism. The existence of a crisis, however deep it may be, is only one of the factors that generate a large-scale and long-lasting CCS.

The chapter has also underlined that the RTs were already well established as an income-generation alternative before the crisis and continued to be perceived as an effective poverty-alleviation mechanism after the crisis. That is, the RTs did not start with the crisis and they were not a solution created with the purpose of mitigating falls of income caused
by the crisis. In addition, in 2001 the government regained its decision-making powers over monetary policy and after a sharp devaluation, the economy started rebounding strongly in 2003. By then, the RTs were already crumbling owing to their limitations and mismanagement, yet they retained their appeal to hundreds of participants and celebrated a decade of existence as the largest complementary currency system in the world.

This study suggested that the persistence of the RTs relates to the match between the complementary currencies and their members, which effectively paired users and uses of the means of payment. There is a connection between currencies and their uses and users, or the ‘community that accepts the money’, as expressed by Simmel (2004, p. 176). Means of payments are a living expression of class stratification, as elaborated by other authors (Collins 2000; Polillo 2011), in the various segments of the class hierarchy. In Argentina, episodes of missing money led some social strata to adopt foreign currencies such as the US dollar as reserve of value and unit of account, while the lowest income strata developed complementary currencies and integrated these as the currencies of the poor. The socioeconomic stratification of uses and users of currencies appears as an additional factor in the proliferation of currency circuits of the poor and for the poor. These findings are also consistent with Vallet (2016), who argues that complementary currency systems create stable economic networks which are likely to play a flexible and counter-cyclical role in a crisis.

In what ways can the Redes de Trueque serve as an inspiration of a counter-cyclical mechanism to help low-income social groups affected by economic crisis? The case of the RTs is relevant in countries with severe economic downturns, which also experience governments with constrained or relinquished monetary sovereignty, stringency of currency, and widespread unemployment and severe poverty. The last generative condition is the pairing of users and uses of the currency into stable currency circuits in a way so that the CCSs provide additional opportunities for income generation. Thus, the monetary ecosystems increase the possibilities of income generation for various social groups and this cannot be created on the spot to offset the effects of a crisis. While the currency circuits of the poor may act as vehicles of socioeconomic inequalities that make up the empirical reality of class, as argued by Collins (2000), in Argentina, the Redes de Trueque significantly expanded the consumption possibilities among low-income households. Therefore, complementary currencies do not necessarily offset class inequalities but they support the survival efforts of low-income groups to survive with dignity.
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