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Complementary currencies: what opportunities for sustainable consumption in times of crisis and beyond?

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This article explores contemporary forms of social and solidarity-based economies, commonly known in French as économie sociale et solidaire (ESS). In English-speaking countries, these activities are part of what is being called the human or people-centered economy, or new economics—a growing area of research, policy and practice that is highly relevant to sustainable consumption studies. This article focuses on complementary currencies, or more specifically community currencies, as one aspect of ESS and as illustrated through case studies from Argentina, Japan, and Switzerland. The main research question is how community currencies might live up to ESS guiding principles and help transitions toward more sustainable consumption. Historical, empirical, and theoretical perspectives are discussed. One conclusion is that ESS and complementary currencies tend to make their value system explicit, placing people above profit for example, while “sustainability” continues to struggle with the compatibility of economic growth with social equity and environmental limits. While complementary currencies may not be a magic wand toward sustainable consumption, they are certainly a useful walking stick for steps in the direction of more sustainable pathways.

KEYWORDS: market economy, social values, case studies, community involvement, citizenship, financial management

Introduction

The emergence of local currencies and barter systems in Greece in the late 2000s can be seen as a response to a dire economic situation. However, they can also be viewed as part of a wider revival of socially motivated and solidarity-based economic activities over the past two decades, known in French-, Spanish-, and Portuguese-speaking countries (in both the northern and southern hemispheres) as économie sociale et solidaire (ESS). While modern forms of social economies can trace their roots to the early period of Western industrialization, the neoliberal policies of the 1980s, followed by the effects of globalization and the recurring regional and global financial crises, all gave them new impetus. What were primarily local ESS initiatives, most prolific in Europe and Latin America, have begun to federate into regional and international networks of members in what is increasingly being described as a social movement (Draperi, 2011).

In English-speaking countries, these activities are part of what is being called the human or people-centered economy, or new economics, a growing area of research and practice highly relevant to research, policy and practice pertaining to sustainable consumption (Seyfang, 2008).

“Social” and “solidarity-based” economies are umbrella terms for diverse activities that share a common understanding of economic activity as embedded in social relations. This model diverges from the dominant economic growth paradigm that compartmentalizes the spheres of economic development from social and environmental promotion, with priority given to economic growth at all costs. To date, this form of development has proven to be “unsustainable,” leading to growing inequalities, financial crises, and negative environmental impacts, both within countries and at the global scale. ESS activities include certain fair trade, micro-credit, or social reinsertion programs, and can be organized in different ways ranging from nonprofits to mutual societies to cooperatives. This article focuses on what are called complementary currencies or, more specifically, community currencies, as one aspect of ESS and as illustrated through case studies from Switzerland, Argentina, and Japan. The main research ques-

1 Various news outlets, from printed press to radio and television programming, have covered the emergence of barter systems in Greece. For example, see Poggioli, 2011; Lowen, 2012; Smith, 2013.
2 The Réseau Intercontinental de Promotion de L’Économie Sociale Solidaire (RIPESS) is currently mapping ESS efforts around the world and connecting groups through its platform. See http://www.ripess.org. On the RIPESS website, ESS activities are presented on a map of the world that represents North America and Europe at the bottom of the chart. See http://www.essglobal.info.
tion is how community currencies could help transitions toward “sustainable consumption” pathways.

The research presented in this article is based on a literature review and desk research, in both English and French. First, the theoretical underpinnings of ESS are briefly summarized in relation to complementary currencies and concepts developed in the literature on sustainable consumption. Second, complementary currencies are considered from a historical perspective to understand how such activities (re)emerged in various regions of the world. Third, an analysis of case-study examples in three countries illustrates how complementary currencies adhere to ESS principles and inform transitions predicated on sustainable consumption. In the conclusion, I discuss how these historical, empirical, and theoretical perspectives can be relevant to current research and debate concerning sustainable consumption.

Theoretical Concepts

The Social Embeddedness of Economic Activity in ESS Research

Often cited as the founding principle of social economics, the vision of economic activity as being “embedded” in the social realm was first put forward by Karl Polanyi (2001) in his book The Great Transformation. Based on an analysis of the industrial revolution in England, Polanyi argues that the economy has a social purpose, and is subordinate to and inseparable from social relations. His substantivist position is that, “The individualistic savage collecting food and hunting on his own or for his family has never existed,” adding that “the divorce of the economic motive from all concrete social relationships...would by [its] very nature set a limit for that motive.”3 Polanyi proposes four ideal-type models to describe the economy, including forms of production, financing, distribution, and consumption that can be part of four “economy types”: 1) The market economy; nonmarket economies including; 2) Household (relations between family members); 3) Redistribution; and 4) Reciprocity. All three nonmarket types are present in precapitalist and contemporary societies. Redistribution is a system whereby the production and distribution of goods and services is centralized, an activity typically entrusted to the state and regulated by public authorities.

ESS activities are most often associated with the reciprocity economy, yet how to define this ideal-type based on Polanyi’s work is still a matter of debate. Reciprocity constitutes a form of economic activity based on the transactions of giving and receiving, and the obligation to give in return. Drawing from Bronislaw Malinowski’s (1922) research on the kula trade, Polanyi notes that organized reciprocity is not limited to a relationship between dual groups but between various subgroups, creating solidarity between people and translating into power relations that can serve to maintain the stability of a society. According to Jean-Michel Servet (2007), reciprocity must be understood beyond this transactional definition and the Mauss notion of “the gift.”5 For Servet, and based on an in-depth reading of Polanyi’s body of work, reciprocity should be defined in opposition to the market system, in that those engaged in this type of activity are in complementary relations based on voluntary interdependence. To Servet (2006), Polanyi above all subscribes to the idea that people are “invested with the potential of solidarity, consciously interdependent on others, in that they are members of society with commitments,” or engaged in a form of altruism and voluntary complementarity.

The “democratization” of the economy has become another defining aspect of the solidarity-based economy, based on the participatory engagement of citizens (Defourny & Develtere, 1999; Fraisse et al, 2007), or as Jean-Louis Laville (2003) has stated, “the desire to promote democracy on the local level through economic activity.” Democratic decision-making processes are at the heart of ESS organizational structures, as described below. “How to reconcile equality and freedom are still the principal issues of democracy in a complex society” (Laville, 2010), which the market economy has failed to address. For Laville, one solution is in recognizing and building upon the existence of a “plural economy,” one where the market is not solely responsible for wealth creation and prosperity. Laville argues that Polanyi’s four ideal types do not function as isolated compartments, but rather intersect and interdepend in different ways and in various contexts. The existence of social services creates the favorable conditions for companies

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3 See “The Formalist-Substantivist Debate” for a historical introduction to this academic quarrel, which became for many “an obstacle instead of an inspiration” (Wilk & Cliggett, 2007).

4 A chapter entitled “The Economy as Instituted Process” in Trade and Market in the Early Empires (Polanyi, 1957) expands on the notions of reciprocity and redistribution, although there is still much debate on how Polanyi defined reciprocity in his work (see Servet, 2007).

5 Marcel Mauss’ The Gift (1990, first published in essay form in 1923–24) elaborated a theory on the gift as a social obligation. Drawing from Bronislaw Malinowski’s (1922) research of the kula exchange system in the Trobriand Islands as well as the potlatch of North American Indians, Mauss elaborated a theory whereby power lies in that which is being circulated, creating a triple societal obligation—the obligation to give, to receive, and to reciprocate—which in turn maintains social bonds while demonstrating the honor and wealth of those that adhere to this system. The circulation of “gifts,” whether material or immaterial, creates and maintains a society and becomes “un fait social total” (a total social fact).
to operate, for example, while public procurement policies, trade regulations, and other forms of state power are also intrinsically linked to alleged “free market” systems (Laville, 2003). One way of democratizing the economy is by diversifying currencies, in a move away from monolithic economic systems toward system diversity (Belgin & Lietaer, 2012). Community currencies are “designed and implemented mostly by civil society, mostly locally and grassroots, and mostly in a democratic way, emphasizing the citizen’s appropriation and redefinition of money in a participative process” (Blanc, 2011). These currencies can therefore be seen as a tool for ESS activities, as further explored in the empirical research presented below.

Activities that fall under the ESS umbrella can be defined by their organizational structures, within the context of different institutional and legal frameworks. Three main types of organizational structures are generally included in the ESS definition: cooperatives, mutual enterprises, and organizations or associations that vary depending on their legal status in different countries (for example, the historic focus on charities in the United Kingdom and not-for-profit organizations in the United States). What these entities have in common are their guiding principles, building on the theoretical concepts introduced above and rendered operational as follows (Defourny & Develtere, 1999):

1. To work toward member, community, or regional social benefits;
2. To be self-managed and self-organized;
3. To involve democratic decision making processes; and
4. To place people and labor above capital and revenue generation.

The first point differentiates this type of activity from those with the sole purpose of maximizing profits. The focus is rather on people, in providing some type of benefits to members, workers, or society at large. This can lead to various other-related principles, such as the redistribution of profits equally among members, the minimization of wage differences across employment categories, or the donation of profits to social causes. Self-management is also emphasized in ESS activities involving the engagement of citizens and community members, and as opposed to governmental services offered by civil servants. Each member plays a participatory role in the democratic management of the program (for example, through the principle of “one person, one vote” to ensure fairness).

We can conclude from this brief analysis that ESS is tied up conceptually with notions of diversity (the “plural economy,” including the market economy but also householding, redistribution, and reciprocity). Drawing from a broad reading of the reciprocity economy, the motive and goal of ESS is solidarity, or complementary relations based on voluntary interdependence. We can add to this the concept of democracy, that ESS activities are governed by the goal of egalitarian participation and rendering the economy more democratic. Finally, ESS attempts to make its value system explicit by setting forth guiding principles for activities that generally place people above profit.

The Biophysical Limits of Economic Activity and Social Practices in Sustainable Consumption Research

The biophysical dimension of consumption is well documented in “sustainable consumption” studies, or the recognition that patterns of resource consumption can lead to negative environmental impacts, such as local/global pollution and loss of biodiversity. While Polanyi writes about limits in nature, and mentions waste and pollution, the notion of economic activity as subordinate to environmental limits can be credited to Nicholas Georgescu-Roegen (1966; 1971), the father of bioeconomics. Understanding consumption patterns and trends from a biophysical perspective means taking a systemic approach to consumption and assessing values based on environmental resources (material and energy), rather than solely on the basis of price valuation. However, most definitions of “sustainability” do not adhere to this conceptual framework: “sustainability” has traditionally been defined as the intersection of three spheres, where economic growth meets environmental and social considerations, but some interpretations emphasize economic growth as compatible with environmental promotion (WCED, 1987). In bioeconomics and its off-spring, ecological economics, the very notion of economic growth is incompatible with that of system limits.

“How much” material and energy a household consumes tells us close to nothing about “why” and “in what way” those consumption patterns persist or change, or indeed the unequal use of resources among regions, countries, and people. For this, different conceptual frameworks are needed that understand consumption as both biophysical and tied up with social life. This is where the literature is not consistent. One main question that has, for some decades, occupied social and environmental scientists, as

6 It is important to note that adopting these organizational statutes does not necessarily mean that an entity actually functions toward social aims. Beyond the label, a reading of empirical evidence would be necessary.
well as policy makers concerned with “sustainable consumption,” is how to conceptualize “environmental behavior,” or rather how ordinary people perceive, evaluate, and manage their daily lives in relation to environmental considerations. This raises the issue of where to “locate” the social: is it at the level of human cognitive processes, in interactions between human agents and built systems, or in the cultural context? The view of human nature as driven by individual need or greed continues to dominate the understanding of social life in “sustainable consumption” research and policies. Consumption is linked as an economic activity to behavioral psychology approaches to understanding human nature (Stern, 1992; Stern et al. 1997).

During the past ten years, the focus among researchers and practitioners alike has shifted to understanding “sustainable consumption” as embedded in the social realm, including social practices and involving the perspectives of sociologists and anthropologists who have long studied consumption and consumer societies. The contours of this theoretical framework are varied, with researchers proposing differing perspectives on what constitutes a practice (Reckwitz, 2002; Shove, 2003; Warde, 2005; Røpke, 2009; Spaargaren, 2011), building on earlier work by Bourdieu (1979), Giddens (1984), and Schatzki (1996). In parallel, researchers who have highlighted the strong neoliberal tendency to over-individualize environmental responsibility have shifted the discussion away from the “consumer” to the “citizen,” seeing consumption not solely in relation to the market economy but linked to the conceptual area of democracy (Maniates, 2001; Trentmann, 2007; Zacai & Haynes, 2008; Ekström & Glans, 2011). The result has been increasing discussions on the role of community-driven sustainable consumption and the influence of peer groups on pro-environmental trends (Nolan et al. 2008).

From this brief overview of “sustainable consumption,” we can conclude that research in this area attempts to bridge concepts from the environmental and social sciences. Systemic approaches are applauded, yet there is no consensus on whether economic activity should be subordinate to the earth system, and whether economic activity is embedded in social life or driven by individual need, desires, or greed. More recently, sustainable consumption has included views of the consumer as “citizen” tied up with principles of democracy, moving away from the market economy as the sole mode of operation for “sustainable consumption” practices.

Historical Perspectives: Evolution and Definitions

The Evolution of Complementary Currencies: From the Middle Ages to Today

The Middle Ages is often cited as a period of great diversity in terms of the community-driven nature of its economic activities, in the creation of the first guilds, fraternities, and other secular groups, which remained nonetheless very much under the tutelage of powerful state and religious interests (Defourny & Develtère, 1999). Regional monetary systems were also highly diverse starting in this period: the Republic of Venice from the thirteenth century onward, for example, had two types of currencies for external commerce, the ducat (silver) and zecchino (gold), and two other currencies in less precious metals for local exchanges, the nasoni and cavallotti (Lietaer & Kennedy, 2008). Centralizing money was conceived first by European kings who were attempting to limit feudal power, then by the empires that sought tighter control of the colonies, and finally by nation-states. Beyond Europe, historical complementary monetary systems continue to function in parallel to national currencies, including the banjar in Bali, used toward various community projects.

If one of the main ambitions of ESS is to help democratize the economy, it follows that the solutions proposed by such initiatives would be self-managed and organized, and relatively free from market or public-sector control. In today’s market economy, the primary tool for exchanges is national currencies, resulting in a global financial system where the value of money in an individual’s bank account is at the mercy of the global political and financial climate. Moreover, this system provides no way of harnessing the potential of accumulated wealth in one region to its expenditure in that same region. This is where complementary currencies are of interest, as they function not as a replacement or alternative to dominant national and capitalist market systems, but rather as an additional level of diversity in how people engage directly and in a participatory manner with production, distribution, and consumption. While somewhat difficult to apprehend conceptually, one simple definition of complementary currencies is that they exist at the nexus of unsatisfied needs and under-utilized resources (Lietaer & Kennedy, 2008). Concretely, these currencies function to uphold certain needs, such as brand loy-

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Footnotes:

7 Consumption also involves noneconomic activities, such as gathering and eating mushrooms from a forest or the deliberate non-usage of products and services.

8 For example, in nineteenth century Ghana, British colonizers replaced more than fifty regional economic systems with the first national currency in an effort to centralize and control state revenues (Lietaer & Kennedy, 2008).
alty in the case of airline mileage or caring for the elderly in the Japanese case of Fureai-Kippu, caring-relationship tickets for helping seniors. Building on the same two examples, the currencies also harness the potential of what can be considered an underutilized product or service, the empty airplane seat or people’s free time, respectively.

There is currently a great diversity of types of complementary currencies around the world—what some researchers have referred to as a Babylonian Tower of currencies (Schroeder et al. 2011). By one estimate, one million people worldwide are engaged in complementary currency systems in over 4,000 associations in over 40 countries (Blanc, 2010). One hundred years after Robert Owen’s first experiments with local currencies, the Austrian village of Wörgl in the 1930s introduced notes designed to stimulate the economy by creating a negative incentive against the accumulation of the notes (what is known as “demurrage,” which can be translated into a tax on the accumulation of capital, for example, or a type of negative interest rate). The highly successful experiment lasted only a few months and was halted by the National Bank of Austria, which feared it would be replicated across the country to then challenge the national currency.

In the last two decades, community and complementary currencies have flourished around the world, including in Austria, in what are known as Systèmes d’échanges locaux (SEL) or Local Exchange Trading Systems (LETS). In Asia, early experiments in complementary currencies saw the light in Japan in the 1970s: a volunteer labor bank allowed for intergenerational care, but began to decline in 2000 when a public insurance system was introduced for the elderly (Hirotá, 2011). Complementary currencies became quite popular again in Japan in 1999, following a television documentary that shared the success of such initiatives around the world, from the Ithaca Hours to the Austrian Wörgl.

Although there is no consensus on what defines a complementary or community currency, Blanc (2011) suggests that the broad label of “complementary currencies” could be useful so long as it excludes all currencies that seek to capture the purchasing power of customers, such as airline mileage. For Blanc, one of the main objectives of these currencies is to resist globalization and to encourage the use of local income for local production and consumption. A second objective is to benefit local populations through a fairer distribution of wealth (as opposed to wealth accumulation). Third, these currencies aim at transforming the nature of trade and solidifying social relations based on trust, proximity between producer and consumer, and the notion of producer as consumer (or “prosumer”) (Blanc, 2010). Increasingly, the perspective is not local but regional, with a handbook designed to guide those interested in stimulating regional economies in Europe, as a complement to the Euro (Lietaer & Kennedy, 2008). Complementary currencies are therefore aligned with the four guiding principles for ESS activities outlined above, including commitments to members and a community, self-managed and democratic decision making, and primacy of people over capital.

Below, three examples of complementary currencies in Switzerland, Argentina, and Japan illustrate whether such efforts can lead to more resilient local economies, in the long-term and at both local and regional scales, and in what way they live up to the guiding principles of ESS in practice.

Case-Study Examples

The Swiss WIR

The Swiss example of the WIR demonstrates the longevity of a credit system that was created close to 80 years ago, with existing empirical research on how this complementary currency relates to economic cycles in the country. In 1954, Werner Zimmermann, one of the founders, described the name of this effort: “WIR is the first syllable of the word ‘Wirtschaftsring’ (business circle). WIR (German for ‘we’), unlike ‘Ich’ (German for ‘I’), means community. This contains the Swiss ideal: to hold together and, together as a community, protect the interests of the individual” (Defila, 2004). The WIR business-group cooperative was founded in 1934 in Zurich, motivated mainly by the economic recession and inspired by the doctrine of “interest-free money,” or Freigeld, of the German-Argentine entrepreneur, Silvio Gesell. According to Studer (2006), Gesell’s theories were designed in reaction to the Argentine economic crises of the 1880s and became popular during the Great Depression era in German-speaking and Scandinavian countries—the idea being to create a local currency and actively encourage its circulation. Building on this popularity and inspired by the

9 Researchers have established a bibliography and databank to centralize the growing literature on complementary currencies. See http://www.cc-literature.org.
10 Born in Wales in 1771, Robert Owen was a social reformer and one of the founders of the cooperative movement.
11 Ithaca Hours was founded in Ithaca, New York in 1991 and is based on the creation of local paper money, where an Ithaca hour equals ten dollars or one hour of labor. For more information, see the website of Paul Glover, founder of Ithaca Hours, at http://www.paulglover.org.

12 According to Stodder (2009), John Maynard Keynes saw Gesell as an “unduly neglected prophet” and devoted a section of his General Theory to his monetary ideas.
“free money” concept, several Swiss entrepreneurs came together to provide each other with credit—which was increasingly difficult to secure through the traditional banking system—and thus created the WIR system. Initially backed by collateral such as building deeds, and later by member-cash deposits, all of which were interest free, the WIR loans supplied a line of credit at very low interest rates.

What started out with ten participants grew to 1,000 account holders in 1935. In 1973, the number had risen to 20,402 with a Swiss franc turnover of 196 million (US$61.7 million) and a balance of CHF83 million (US$18.3 million). By 1993, the number of participants had grown to 76,618, with a turnover of CHF2.521 billion (US$1.75 billion) and balance of CHF1.028 billion (US$0.71 billion) (Defila, 2004). Studer (2006) outlines three phases in the evolution of the WIR. In what he calls the pioneer phase, different experiments with the WIR ran their course between 1934 and 1952, during which the members reaffirmed their commitment to long-term entrepreneurial development in Switzerland. In the second phase, from 1952 to 1988, the WIR experienced near-constant growth, building on the prior experimentation. In the final phase, outlined in Studer’s study and up to 1998 (the original date of publication of his work in German), several conceptual and structural modifications to the model lead to the creation of more diversified services. Today, the small-to-medium enterprises that participate in the WIR advertise their acceptance of this currency as a payment for goods and services, which gives them a competitive edge locally compared to larger businesses that require solely cash payment. Different types of products and services are exchanged through this system, with prices quoted in WIR units as in Swiss francs (though not redeemable). Today, the WIR bank provides accounting for WIR exchanges as well as ordinary banking services, such as mortgage loans and savings accounts, to complement its WIR transactions.

In a recent article quoting the bank’s spokesperson, “WIR has a stabilising effect on the normal monetary system by providing a complementary source of funding when liquidity dries up” (Allen, 2009). In his detailed study of WIR activity in relation to economic cycles from 1948 to 2004, James Stodder (2009) concludes that the WIR exchange has been strongly counter-cyclical within the Swiss economy. In his calculations, the WIR seems more likely to be accepted when Swiss francs are in short supply; it therefore is anti-deflationary. Stodder (2009) concludes that such credit networks can play a stabilizing role within the overall national monetary policy: “Our estimates suggest that WIR-Bank’s creation of purchasing power could become an instrument of more effective macroeconomic stabilization.” Today, the WIR bank has entered the landscape of the overall Swiss banking system, offering Swiss franc checking and savings accounts and loans, for example, yet it remains focused on small-to-medium enterprises and the development of a proximity-based economy. In this respect, it lives up to the first principle of ESS, to work toward member, community, and regional social benefits, understood as strengthening social relations among small-to-medium enterprises. In its current form, the WIR bank has merged with the market economy and cannot be said to involve democratic decision-making processes, or to place people and labor above capital and revenue generation.

The Argentine Trueque

In Argentina, following the collapse of the country’s economy in the late 1990s, complementary currencies—such as the Argentino, the Patacon, and the LECOP—were created to stimulate local economic activity and, in 2002, involved 10% of the country’s population (Blanc, 2010). Argentina is therefore of interest in studying how complementary currencies evolve in the aftermath of a national economic crisis, and how such systems were sustained for over a decade. According to Pearson (2003), community currencies in Argentina can be traced back to 1985, when the province of Salta began to issue bonds for local circulation. By the end of 1991, 60% of circulation in Salta was based on this regional currency (Pearson, 2003). Another local currency, the Club de Trueque (CT), which translates to barter or trade, was created in 1995 in the Buenos Aires area, with a handful of participants who would meet regularly to trade goods they made themselves. During the national financial crises that began in the late 1990s and intensified in the early 2000s, such barter systems were replicated across the country.

According to Pearson (2003), the economic crisis touched the middle class as well as the least affluent as personal bank deposits were frozen; barter systems became a way to exchange goods and services without cash transactions, supplementing purchasing power. By 1996, some twenty CTs were operating in the Buenos Aires area. By 1998, that number had increased to 150 throughout the country, involving approximately 80–100,000 people in trading food, clothes, crafts, health care, and education, among other products and services (Pearson, 2003). The Crédito is one example of the many such currencies based on a barter system that emerged during that period. According to Blanc (2010), an estimated 2.5 million people used the Crédito between 2001 and 2003. Most groups began to accept each others’
local currencies and function in a national system called the Red de Trueque, or barter network.

Gomez & Helmsing (2008) have conducted extensive empirical research on the link between local currency systems in the Red de Trueque (RT) and local economic development in Argentina. Based on their analysis, the trueque system was welcoming 5,000 new participants per day at its peak and became victim to its own popularity. The distribution and forgery of credit vouchers was difficult to control. In addition, “there were too many second-hand articles on sale and too little food; too little production and too much speculation” (Gomez & Helmsing, 2008), which eventually lead to a loss of appeal and collapse of the system. The local currency systems “closed by the hundreds after June 2002, so one year later the RT was reduced to 10% of what it once was” (Gomez & Helmsing, 2008). According to Blanc (2010), one of the main reasons for the collapse was the growing distrust of the trueque system, but also the recovery of the national economy. However, the trueque has not disappeared. Such systems existed before the financial crisis and continue to exist, showing that they are not merely a result of a crisis but rather a complementary economy—based on solidarity and reciprocity—that is all the more valuable when a national economy collapses. According to Gomez & Helmsing (2008), such a system “reduced the negative impact of economic restructuring. It did not help the poor and unemployed to de-link from the regular economy but to improve their employability and the skills of the local actors.” For Powell (2002), as systems such as the trueque grow and evolve, their relation to the overall market is continuously brought into question. As with the example of the Swiss WIR, the trueques may have lost their focus on solidarity and participation once the scale of activities became difficult to self-manage in a democratic manner.

The Japanese Eco-Money Network

Japan provides an interesting case study for social and solidarity-based economies, particularly in a no-growth period—what western press outlets have referred to as “stagnation” or a “lost decade”—and concerning what is being called a “lost generation.” Rather than uphold the idea that “Japanization is now everyone’s worst nightmare,” economist Norika Hama (2011) maintains that the country is on a path of mature economic development. In this journal, Maurie Cohen (2011) also put forth the idea that, contrary to popular opinion, Japan may not be an under-performer, but rather a frontrunner in novel forms of social development. In Japan, considerable research and attention is currently being placed on the development of a “third sector,” which has grown as part of an overall move towards decentralization.

A shift from public to private (kan-kara-min-e) and from national to local (kuni-kara-chihou-e) is seen as “two wheels of one vehicle” in reforming the administrative system (Maeda, 2012). As decentralization has been carried out alongside privatization, both the private sector and the third sector have become involved in public services. With Japan’s aging society and the evolution away from a welfare state, certain people may be relying on the third sector to address a range of social issues such as the need for care, education, and employment.

At a regional and local level in Japan today, complementary monetary systems seem to be creating an impetus for new forms of production, distribution, and consumption, some of which are based on social and environmental values. Japan has become an immense laboratory for different models of regional and complementary currencies. For Bernard Lietaer (2004), based on interviews and research in Japan, the number of experiments with complementary currencies has exploded since 1995, in a country that boasts not only the most such activities, but also a high diversity in types. While certain pioneering activities were already in existence in the 1970s, the founding of Eco-Monies by Toshiharu Kato in the late 1990s began a profusion of complementary systems toward regional goals. As Director of the Service Industries Division of the Ministry of Economics, Trade, and Industry (METI) during the 1990s, Kato spent three years studying two forms of high-tech development models in the United States: Route 128 (Boston area) and Silicon Valley (San Francisco area). He concluded that “regional learning clusters” could be created throughout Asia-Pacific based on the combination of high-density contacts among entrepreneurs and small corporations, alongside ecological, economic, and community-driven initiatives (Okuno, 2004). Upon his return to Japan, according to Lietaer (2004), “he pushed this regional development strategy to its logical end by introducing a new concept of regional currencies, which he called ‘eco-money’.”

The Eco-Money Network was founded in 1998 to support regions with the introduction of new currencies, all of which were experimental. From four initial projects, the experiment grew to ten in 1999; by 2003, 25 had been implemented by 55 different organizations across the country. The main roles of Eco-Money projects are to enhance community integrity, foster public participation, create a sustainable economic environment, and maintain a viable natural environment (Okuno, 2004). Practices from abroad, such as the Ithaca Hours or LETS schemes, were replicated across the country. In Chiba Prefecture, the “peanut” was introduced as a regional currency, managed by a nonprofit organization called the Chiba
Community Support Center. One “peanut” is equal in value to one yen; one hour of work is equal in value to 1,000 peanuts, with all transactions recorded as “pluses and minuses” on individual record sheets. In an example of how one citizen used this system, Okuno (2004) notes that he gained peanuts by helping someone build a website and driving a neighbor to the hospital, and used his peanuts to buy English classes. In an example of how Eco-Money can work toward environmental aims, the website dedicated to the 2005 World Exposition in Aichi, Japan, announced the launch of an “Expo Eco-Money Project” to promote “environmentally responsible behavior, such as the reduction of shopping-bag use or the use of public transport” (Japan Association, 2012). Through an electronic device, Expo Eco-Money points could be earned for pro-environmental actions (bringing your own bag to the store, for example) that were then exchanged for services or products, or used to make donations to environmental projects. In another example, in the Yasu-Cho community in Shiga Prefecture, community members came together to help protect local forests and raise environmental awareness. An eco-yama (eco-mountain) card was issued to encourage people to earn points by helping to maintain the forest, or to help develop local renewable energies (solar and biomass), with credits then useable in local stores and businesses.

Not all of the complementary currencies being experimented with in Japan are community based with social and environmental aims. The city of Kan’onji, Kagawa, for example, began to advertise that it would accept the Kan’ei Tsuho, a coin that was once a legal currency in Japan (from 1636 to 1953). The assumption was that millions of these coins still exist throughout the country, and that this move would attract tourists to the city who would also spend Yen (Hirota, 2011). According to Hirota, the challenge facing such experiments in Japan is the lack of communication among different groups organizing community currencies locally and regionally, as well as communication and sharing of best practices beyond Japan. Each activity needs to be analyzed on a case-by-case basis to determine if it lives up to the ESS principles of self-management and democratic decision making. Several examples from Japan, including projects in the Eco-Money Network, do seem to be promoting regional social benefits as well as a focus on strengthening social ties.

Conclusion

Conceptually, ESS and sustainable consumption research share much in common. Both are based on a systemic understanding of human life. ESS often draws inspiration from environmental terminology; complementary currencies, for example, are seen as a move away from monolithic systems to system diversity, and as the foundation for a more resilient system. Discussion is growing in both ESS and sustainable consumption research circles about the links between economy, solidarity, and democracy—or how people can engage in economic activities, including consumption, in a more democratic manner and move toward a shared prosperity. ESS has gone a step further, however, in distinguishing itself conceptually from the dominant and unsustainable economic growth paradigm, particularly by making its social value systems explicit. As David Graeber (2001) points out in his study of an anthropological theory of value, “[O]ne can no longer even imagine that there could be a single standard of value by which to measure things,” and yet neoliberals praise a global market that has been characterized as “the single greatest and most monolithic system of measurement ever created, a totalizing system that would subordinate everything—every object, every piece of land, every human capacity or relationship—on the planet to a single standard of value.”

The irony, Lieter & Kennedy (2008) point out, is that the market economy functions as though it were value neutral, yet money is far from neutral; it affects the kind of transactions we make, and the kind of relations we establish with those exchanges (e.g., yen vs. eco-yamas or peanuts). Policies designed to facilitate sustainable consumption too often continue to uphold the alleged neutrality of the monolithic market economy. The trend towards “green economies” is one example of how the current political discourse around “sustainability” is being framed as compatible with environmental aims based on technological efficiency, with a focus on production systems, yet fully inscribed within the market economy, excluding solidarity between people and generations and democratic participation above profit.

What this brief overview shows about sustainable consumption transitions is that the solutions to joint financial, social, and economic crises may be less about environmental management and more about changing the social norms and values on which our current economic systems are based. The question remains as to whether community-driven economic activities, based on both social and environmental values, can challenge the dominant unsustainable macroeconomic market economy. In community or complementary currencies we see how, when such efforts reach a critical scale, they either transform into hybrid activities that merge with the market economy (e.g., WIR banking), or lose their credibility and their democratic processes by becoming another means for financial speculation (e.g., Argentine
trueques), with the market economy remaining dominant. There is also the risk that these efforts might solely engage one end of the spectrum in an increasingly unequal global society, thus reinforcing the divide between the haves and the have-nots.

Certain governments have started to recognize—and perhaps in some cases instrumentalize—social and solidarity-based approaches, as in Japan with complementary currencies. The French government initiated a State Secretariat of Civil and Solidarity-Based Economy in 2000, which in turn led to the creation of a similar Secretariat by the Brazilian government in 2003 (Laville, 2003). At the same time, several European countries introduced new laws for social enterprises that include a hybrid mix of actors (e.g., employees, volunteers, local authorities, and service users) to recognize the work of socially-oriented cooperatives emerging in southern Europe. In 2007, the first Asian Solidarity Economy Forum (ASEF) took place in Manila with the active participation of delegates from the region, notably Japan. In the 2011 ASEF in Kuala Lumpur, several Malaysian Ministers were involved. In 2009, the government of Luxemburg appointed a delegate Minister in charge of Solidarity-based Economy, under the jurisdiction of the Ministry of the Economy and Foreign Trade.

One reason for this political interest in ESS may be the realization that these forms of economic activity are leading to local development and job creation. According to Laville (2003), community, personal, and social services represented 30% of employment in France in 1990, 38% in Sweden, and 32% in the United Kingdom, and are expected to grow to meet the needs of an aging population, an increasingly female workforce, and changing lifestyles. Rather than rely on state redistribution, these social services are increasingly being provided by ESS activities. As important as political support might be for encouraging more macro-level ESS activities, seeing the benefits only in terms of local development is limiting; ESS activities have the ambition to diversify and democratize the economy, while supporting social and environmental goals. Yet how ESS activities might actually achieve these objectives—moving from theory to practice—remains to be evaluated on a case-by-case basis. New tools, such as social media, are acting as catalysts for a growing interest in collaborative consumption, including forms of redistribution and exchange, which might prove fortuitous for the further expansion of the solidarity economy (Botsman & Rogers, 2010).

While in the twentieth century, nation states and multinational enterprises became the dominant actors, today half the world’s population lives in cities and city-regions. Initiatives at the local level have great potential to provide an impetus for change, as local activities will reach a significant percentage of tomorrow’s global population (Sahakian, 2012). To conclude with a statement on sustainable consumption by Richard Wilk (2011), “What we need is a secular change in direction, the economic equivalent of climate change.” Local and regional social and solidarity-based economies certainly seem to be a step toward more sustainable forms of consumption, and community currencies may be a most useful walking stick.

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