

Chapter 1 Social and solidarity based economy, what opportunities for sustainable consumption in times of crisis and beyond?

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1 Introduction

The emergence of local currencies and barter systems in Greece today can be seen as a response to a dire economic situation, but could also be viewed as part of a wider revival of socially-motivated and solidarity-based economic activities in the past two decades, what is known under the acronym ESS (*économie sociale et solidaire*) in French, Spanish and Portuguese-speaking countries. While modern forms of social economies can trace their roots to the early period of Western industrialization, they have been given new impetus in reaction to neo-liberal policies of the 1980s, followed by the effects of globalization, and the recurring regional and global financial crises. In English-speaking countries, these activities are part of what is being called the human or people economy, or new economics. The goal of this paper is not to provide a comprehensive overview of ESS, but rather introduce this growing area of research and practice conceptually and empirically, to then understand how this “social movement” – as it is increasingly being called – can be relevant to those interested in “sustainable consumption” research and policy-making.

Social and solidarity-based economies are defined as an umbrella term for diverse activities that share a common understanding of economic activity as being embedded in social relations. This diverges from the dominant economic growth paradigm that compartmentalizes the spheres of economic development from social and environmental promotion, with a priority given to economic growth at all costs. To date, this form of development has proven to be “un-sustainable” and has led to growing inequalities, financial crises, and negative environmental impacts – all of which are taking place 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, from non-profits to mutual societies and cooperatives. For this paper, a focus is being placed on what are called complementary currencies or, more specifically, community currencies, as one aspect of ESS and as illustrated through case studies on Argentina, Japan and Switzerland. The main research question is to understand in what way community currencies live up to ESS guiding principles and how this relates to “sustainable consumption”.

The research presented in this paper is based on a literature review and desktop research, in both English and French. First, the theoretical underpinnings of ESS will be briefly summarized in relation to sustainable consumption concepts. Second, ESS will be considered from a historical perspective in order to understand how such activities emerged as well as the institutional underpinnings that can explain different levels of ESS engagement in various regions of the world. Third, an analysis of existing empirical research in three countries will serve to understand in what way one aspect of ESS – complementary or community currencies (CCs) – adhere to ESS principles and inform sustainable consumption transitions. In the conclusion, I discuss how these historical, empirical and theoretical perspectives can be relevant to sustainable consumption research and debates.

2 Research results: an overview of the Social and Solidarity-based Economy (ESS)

2.1 Theoretical concepts

2.1.1 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 in *The Great Transformation* (2001, originally published in 1944¹). 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 substantivist² 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 their very nature set a limit for that motive” (2001: 57). Polanyi proposes four ideal-type models to describe the economy, including production, financing, distribution and consumption: 1) The market economy; non-market economies including 2) House-holding (relations between family members), 3) Redistribution, and 4) Reciprocity – all present in pre-capitalist and contemporary societies³. Redistribution is a system whereby the production and distributions of goods and services are centralized, an activity that is 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, 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, reciprocity must be understood beyond this transactional definition and the notion of “the gift”. For Servet and based on an in-depth reading of Polanyi’s body of work, reciprocity

¹ A less common reading of this important work reveals Polanyi’s concern for inequalities: “Where do the poor come from?” he asks, quoting the rising number of pamphlets concerned about the issue at the turn of the eighteenth century, at a time of economic growth. “To the bewilderment of thinking minds, unheard-of-wealth turned out to be inseparable from unheard-of-poverty” (Polanyi 2001: 106).

² See “The Formalist-Substantivist Debate” in Wilk and Cliggett 2007 for a historical introduction to this academic quarrel, which became for “an obstacle instead of an inspiration” (2007: 4).

³ A chapter entitled “The Economy as Instituted Process” in *Trade and Market in the Early Empires* expands on the notions of reciprocity and redistribution (Polanyi 1957: 250), although there is still much debate on how Polanyi defined reciprocity in his work (see Servet 2007).

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 (Servet 2007: 264). For Servet, 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” (2006: 18), or engaged in a form of altruism.

The “democratization” of the economy has become another a defining aspect of the solidarity-based economy, based on the participatory engagement of citizens (Defourny and Develtere 1999; Fraisse, Guérin et al. 2007), or “the desire to promote democracy on the local level through economic activity” (Laville 2003: 396). Democratic decision-making processes are at the heart of ESS organisational structures, as described in a historical reading of ESS below. “How to reconcile equality and freedom are still the principal issues of democracy in a complex society” (Laville in Hart, Laville et al. 2010: 82), 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 inter-depend in different ways and in various contexts. The existence of social services creates the favourable conditions for companies to operate, for example, or 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 towards system diversity (Belgin and 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: 6). These currencies can therefore be seen as a tool for ESS activities, as further explored in the empirical research presented below.

What we can conclude from this brief analysis is that ESS is tied up conceptually with notions of *diversity* (the “plural economy”, including the market economy but also house-holding, 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 also add to this the concept of *democracy*, or that ESS activities are governed towards the goal of egalitarian participation and rendering the economy more democratic.

2.1.2 *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 wrote about limits in nature, and mentions waste and pollution, the notion of economic activity as being subordinate to environmental limits can be credit to Nicholas Georgescu-Roegen, the father of bio-economics. 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 price valuation. However, most definitions of “sustainability” to 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 with a strong emphasis on economic growth as being compatible with environmental promotion

(WCED 1987). In bio-economics and its offspring ecological economics, the very notion of economic growth is incompatible with that of system limits.

“How much” materials and energy a household consumes tells us close to nothing about “why” and “in what way” those consumption patterns persist or change. For this, different conceptual frameworks are needed, that combine a biophysical understanding of consumption, with the view of consumption as tied up with social life. This is where the literature is not consistent. One of the main questions that has occupied social and environmental scientists as well as policy-makers concerned with “sustainable consumption” for some decades 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 understanding of social life in “sustainable consumption” research and policies continues to be dominated by the view of human nature as being driven by individual need or greed – linking consumption as an economic activity⁴ to behavioural psychology approaches to understanding human nature (Stern 1992; Stern, Dietz et al. 1997).

In the past ten years, the focus has shifted to understanding “sustainable consumption” as embedded in the social realm, including social practices and involving the perspectives of sociologists and anthropologists that 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), Schatzki (1996) and Reckwitz (2002). In parallel, researchers who have highlighted the strong neo-liberal tendency to over-individualize environmental responsibility have shifted the discussion away from the “consumer” to that of the “citizen”, seeing consumption not solely in relation to the market economy but linked to the conceptual area of democracy (Maniates 2001; Trentmann 2007; Zacaï and Haynes 2008; Ekström and Glans 2011). The result has been increasing discussions on the role of community-driven sustainable consumption, the influence of peer groups on pro-environmental trends, to name but a few.

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 or not to the earth system, and whether economic activity is embedded in social life or driven by individual need and 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.

2.2 Historical perspectives: evolution and definitions

2.2.1 *The evolution of ESS: 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 and Develtere 1999). Regional monetary systems were

⁴ Consumption also involves non-economic activities, such as gathering and eating mushrooms from a forest, for example, or the deliberate non-usage of products and services.

also highly diverse starting in this period: the Republic of Venice from the thirteenth century onwards, 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 *cavalotti* (Lietaer and Kennedy 2008). Centralizing money was conceived first by European kings who were attempting to limit feudal power, then by the Empires who sought tighter control of the colonies⁵, and finally by nation-states. Beyond Europe, historic complementary monetary systems continue to exist and function in parallel to national currencies, including the *banjar* in Bali, used towards various community projects.

The social economy⁶ emerged in modern form at the start of the period of industrialization. The Welsh social reformer Robert Owen is credited with founding the cooperative movement and initiating new forms of barter among factory workers. In 1832, Owen created a *Labour Exchange* where products made by cooperatives were traded based on the number of labour hours that went into each product. Starting in the eighteenth century and in Anglo-Saxon countries, “friendly societies” emerged as an early form of insurance whereby members would make regular contributions towards social services, such as health care or funeral rites. A long tradition of “reform economics” in France started in the first half of the nineteenth century, including the creation of new organizational structures such as cooperatives and mutual societies. At the end of the nineteenth century, laws were created in Europe to formalize such social organization types. Different religious efforts also contributed to the creation of social-based economies, such as social Christianity efforts that spread across the world in the colonial era (Defourny and Develtere 1999).

Interest in the social economy waned during the two World Wars, to be replaced by the growing role of the welfare state (Flahault, Noguès et al. 2011) and increased benefits for labour and women’s rights in the West. Two main tendencies evolved in parallel in the post-War period: market economies were seen as the primary vector for regulating labour, property and currencies, while at the same time non-market economies were dominated by the notion of State responsibility for social action through the redistribution of wealth (Laville 1994). Researchers note that it was the Reagan Thatcher era, its neo-liberal policies, and more generally a “crisis of values” prompted a return to the social economy in the 1980s and 1990s, but in new forms (Laville and Cattani 2006). An exchange system similar to that conceived by Owen emerged in British Columbia in the 1980s, under the label Local Exchange Trading Systems or LETS⁷. In the same period and despite strong neo-liberal national policies, thousands of community-driven movements were taking root across the United States, in what was termed a “backyard revolution” (Boyte 1981)⁸. For Laville and writing in the French context, this was also an era when “people had begun to question the prominent and growing perspective that suggested that citizens could be equated with consumers, patients or taxpayers” (Laville 2003: 392). Hand in hand with neo-liberal policies was an acceleration of the global flow of ideas, people and money: “globalization” is seen as

⁵ In nineteenth century Ghana, British colonisers replaced more than fifty regional economic systems in the country with the first national currency, in an effort to centralize and control state revenues (Lietaer and Kennedy 2008).

⁶ The solidarity-based economy is a more recent term, introduced in the latter part of the twentieth century.

⁷ The first LETS was established in Comox Valley, Vancouver (Canada) in 1983 and has spread ever since to countries around the world. See Seyfang 1997 for a “social audit” of LETS in Diss, Norfolk, UK, which examines LETS not solely in terms of economic values, but also social values – to determine whether LETS achieves the objectives it sets out. Seyfang tempers enthusiasm at linking LETS directly to sustainable development objectives in her conclusion, as each system would need to be evaluated in practice, and not only in theory.

⁸ Twenty years later, Robert Putnam will deplore the erosion of civil engagement in his book, *Bowling Alone* (Putnam 2000).

creating an additional impetus for alternative expressions and civil society networks, as exemplified by the growing popularity of the *World Social Forum* in Porto Alegre and its regional counterparts. What were primarily local ESS initiatives have begun to federate into regional and international networks of members. The *Réseau Intercontinental de Promotion de L'Économie Sociale Solidaire* (RIPESS) is currently mapping⁹ ESS efforts around the world and connecting different groups together through their platform, in what is increasingly being seen as a social movement (Draperi 2011). In recent years, organizations involved in ESS have also moved towards including environmental principles in their founding statutes.

As various locally or regionally-driven solutions began to bear fruit, certain governments started to recognize – and perhaps in some cases instrumentalize – social and solidarity-based approaches. 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, the Philippines, with the active participation of delegates from the region, notably Japan. In the 2011 ASEF in Kuala Lumpur, several Malaysian Ministers were involved in the event. In 2009, the government of Luxemburg appointed a delegate Minister in charge of Solidarity-based Economy, under the jurisdiction of the Ministry of Economy. One reason for this political interest in ESS may be the realization that these forms of economic activities are leading to local development and job creation. According to Laville, community, personal and social services represented 30 percent of employment in France in 1990, 38 percent in Sweden and 32 percent in the United Kingdom (2003: 394), and are expected to grow in order 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.

2.2.2 *Defining ESS: institutional, ideological and language issues*

Activities that fall under the ESS umbrella can be defined by their organisational structures, within the context of different institutional and legal frameworks. Three main types of organisational structures¹⁰ are generally included in the ESS definition: cooperatives, mutual enterprises, and organisations or associations that vary depending on their legal status in different countries (for example, the historic focus on charities in the UK, and non-for-profit organizations in the USA). What these entities have in common are their guiding principles, building on the theoretical concepts introduced earlier in this paper and rendered operational as follows (Defourny and Develtere 1999):

1. To work towards 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 labour above capital and revenue generation.

⁹ On the RIPESS website, international ESS activities are presented on a map of the world that represents North America and Europe at the bottom of the chart, see the RRIPESS SITE and the map: www.ripest.org and www.essglobal.info/fr/accueil.html.

¹⁰ It is important to note that adopting these organizational statutes does not necessarily mean that an entity actually functions towards social aims. Beyond the label, a reading of empirical evidence would be necessary.

The first point differentiates this type of activity from activities that have 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 (the principle of “one person, one vote”).

The term “social and solidarity-based economy” has not gained as much traction in Anglo-Saxon countries as it has in French, Spanish and Portuguese-speaking countries. Some of this may have to do with language barriers, but historical differences on both sides of the Atlantic¹¹ have also contributed to a divergence in how this aspect of the “third sector” is defined and organized. There are ideological differences between how the two Continents have historically evolved, with more of a focus on individual freedom in the North American context, juxtaposed to the notion of fraternity in the French tradition. Neo-liberal policies can also said to have emanated from Anglo-Saxon countries, with the role of the welfare state considerably stronger in France today than in the United States. This may be one reason why the Johns Hopkins report *Defining the Nonprofit Sector* (Salamon and Anheier 1997) focused on providing a universal definition of the “third sector” as being composed exclusively of “non-profit” entities, thus excluding cooperatives and mutual groups that have been historically popular in Europe. European scholars have disputed this definition, arguing that the distinction between for-profit and non-for-profit is less relevant than the line between “capitalist organizations and social economic organizations, the latter focusing on generating collective wealth rather than a return on individual investment” (Evers and Laville 2004: 13), or a distinction between collective and individual benefits. The definition of a social economy and “third sector” is thus broader in Europe than what was included in this North-American approach (Laville 2011). Non-profits are not always governed with participative decision-making systems and do not redistribute profits to their members, which is one of the core activities of certain cooperatives and mutual societies in Europe¹² (Laville 2011).

If one of the main ambitions of ESS is to lead to a democratization of the economy, it then follows that the solutions proposed by such initiatives would be self-managed and organized, and relatively free from market or public sector control. One of the primarily tools used for engaging in exchanges are 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. What’s more, there is 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 capitalistic 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-utilised resources (Lietaer and Kennedy 2008). Concretely, these currencies function towards

¹¹ The distinction, to be more precise, is between Great Britain and English-speaking North America on one hand, and French-Speaking Europe and Quebec on the other, with another variation in Spanish-speaking Europe and South America.

¹² There are also similarities between the non-profit sector in the United States and ESS activity elsewhere in that their management systems work independently from private and public-sector interests with their autonomous decision-making processes.

specific needs, such as brand loyalty in the case of airline mileage, or caring for the elderly in the Japanese case of *Fureai-Kippu* or Caring Relationship Tickets for helping seniors in the community. Building on the same two examples, the currencies also harness the potential of what can be considered an under-utilised product or service, the empty airplane seat or people's free time, respectively.

There is currently a great diversity of types of currencies around the world and in different languages¹³ – what some researchers have referred to as a Babylonian Tower of currencies (Rolf F.H. Schroeder 2011). By some estimates, one million people worldwide are engaged in complementary currency systems in over 4,000 associations in over forty countries (Blanc 2010). One hundred years after Owen's first experiments with local currencies, the Austrian village of Wörgl introduced notes designed to stimulate the economy by creating a negative incentive against the accumulation of the notes (what is known as 'demurrage'). 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 labour bank allowed for inter-generational care, but began to decline in 2000 when a public insurance system was introduced for the elderly (Hirota 2011). Complementary currencies became quite popular again in Japan in 1999, following a television documentary that sharing the success of such initiatives around the world, from the Ithaca hours¹⁴ 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 "CCs" could be useful so long as it excludes all forms 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 being taken 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 and Kennedy 2008). CCs 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, as well as the primacy of people over capital.

Below, three examples of complementary currencies in Switzerland, Argentina and Japan will serve to 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 live up to the guiding principles of ESS in practice.

¹³ Researchers have established a bibliography and databank to centralize the growing literature on complementary currencies; see: <http://www.cc-literature.org>.

¹⁴ Founded in Ithaca, NY in 1991 and based on the creation of a local paper money, where an Ithaca hour equals 10 dollars or one hour of labour. For more information: Paul Glover website .

2.3 Empirical studies

2.3.1 *Complementary currencies: the Swiss WIR*

The Swiss example of the WIR demonstrates the longevity of a credit system that was created close to eighty years ago, with existing empirical research on how this complementary currency relates to economic cycles in the country. The WIR business group cooperative was founded in 1934 in Zurich, motivated mainly by the economic recession and inspired by the doctrine of “free money” or *Freigeld* of the German-Argentine entrepreneur, Silvio Gesell¹⁵. 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 “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. In 1954, Werner Zimmermann, one of the founders described the name of this effort in the following terms: “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” (cited in WIR Magazin 1994).

What started out with ten participants grew to 1,000 account holders in 1935. In 1997, the number of participants had grown to 20,402 with a Swiss franc turnover of 196 million and a balance of 83 million; in 1993, the number of participants had grown to 76,618, with a turnover of 2.521 billion and balance of 1.028 billion (WIR Magazin 1994). 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. It was during this phase that the members reaffirmed their commitment to supporting long-term entrepreneurial development in Switzerland. In the second phase and from 1952 to 1988, the WIR experienced near-constant growth, building on the first phase of experimentation. In the final phase outlined in Studer’s study and up to 1998 (the original date of publication of his work in German), there were several conceptual and structural modifications to the model, which 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 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 2012). In his detailed study of WIR activity in relation to economic cycles from 1948 to 2004, James Stodder (2009) concludes that WIR exchange has been strongly counter-cyclical within the Swiss economy. In his calculations, the WIR seemed more likely to be accepted when Swiss francs were in short supply; it therefore substitutes for Swiss francs when they are otherwise unavailable, and has an anti-deflationary effect on prices.

¹⁵ 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.

Stodder concludes that such credit networks can play a stabilizing role in national monetary policy: “Our estimates suggest that WIR-Bank’s creation of purchasing power could become an instrument of more effective macroeconomic stabilization” (p. 93). Today, the WIR bank has entered the landscape of the overall Swiss banking system, 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 towards member, community and regional social benefits, if social benefits can be understood as strengthening social relations between small-to-medium enterprises. In its current form, the WIR bank has merged with the market economy and can not be said to involve democratic decision-making processes, or to place people and labour above capital and revenue generation.

2.3.2 Complementary currencies: *Trueque* in Argentina

In Argentina and 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 involved in 2002 ten percent of the country’s population (Blanc 2010). The case of 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, 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 percent of circulation in Salta was based on this regional currency (Pearson 2003). Another local currency, the *Club de Trueque*¹⁶ (CT), was created in 1995 in the Buenos Aires area, with a handful of participants that would meet regularly to trade goods they made themselves. In 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 populations, as personal bank deposits were frozen; barter systems became a way to exchange goods and services without cash transactions, offering an opportunity to supplement purchasing power. By 1996, there were some twenty CTs operating in the Buenos Aires area; in 1998, that number increased to 150 throughout the country, involving approximately 80-100,000 people in trading food, clothes, crafts, health care, education, among other products and services (ibid). 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 other’s local currencies and function in a national system called the *Red de Trueque*, or barter network.

Gomez and Helmsing have researched the link between local currency systems in the *Red de Trueque* and local economic development in Argentina based on extensive empirical research. Based on their analysis, the *Trueque* system in Argentina 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 and Helmsing 2008: 2496), 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” (ibid). 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. The *trueque* has not disappeared, however; such

¹⁶ The Spanish *trueque* translates to barter or trade.

systems existed before the financial crisis and continue to exist, showing that they are not merely a result of a crises but rather a complementary economy – based on solidarity and reciprocity – that functions as an alternative that is all the more valuable when a national economy collapses. According to Gomez and Helmsing, 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” (2008: 2507). 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 democracy when the scale of activities became difficult to organize in a self-managed and democratic manner.

2.3.3 *Complementary currencies in Japan: the example of the Eco Money network*

Japan provides an interesting case study for social and solidarity-based economy, particularly in a period of economic no-growth – what western press outlets such as *The Economist* have referred to with the negative connotation of a “stagnation” or “lost decade”. Rather than maintain the idea that “Japanization is now everyone’s worst nightmare,” economics Norika Hama (2011) maintains that the country is on a path of mature economic development. In Japan today, there is considerable research and attention being placed on the development of “third sector”, which has grown as part of an overall move towards decentralisation: a shift from public to private (*kan-kara-min-e*) and from national to local (*kuni-kara-chihou-e*) is seen as the ‘two wheels of one vehicle’ in reforming the administrative system (the Committee for the Promotion of Decentralization 1996, cited in Maeda 2012: 344). As decentralization was carried out alongside privatisation, both the private sector and the third sector became involved in public services. With its ageing 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) and 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 of activities. While certain pioneering activities had already been in existence in the 1970s, the founding of Eco-Monies by Toshiharu Kato in the late 1990s marked the start of a profusion of complementary systems towards regional goals. As Director of Service Industries Division of the Ministry of Economics, Trade and Industry (METI) and in 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: 106). Upon his return to Japan and according to Lietaer, “he pushed this regional development strategy to its logical end by introducing a new concept of regional currencies, which he called ‘eco-money’.” (2004: 10).

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 included ten projects in 1999; 25 models in 2003 were used 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 the Chiba prefecture, the “peanut” was introduced as a regional currency, managed by a non-profit organization called the Chiba Community Support Centre. 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 “plus and minuses” on individual record sheets. In the example of how one citizen used this system, Okuno (2004) notes that he gained peanuts by helping someone build a web site and driving a neighbour to the hospital, and used his peanuts to buy English classes. In an example of how Eco-Money can work toward environmental aims, the web site dedicated to the 2005 World Exposition in Aichi, Japan, announced the launch of an “Expo Eco-Money Project” to promote “environmentally responsible behaviour, 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 and 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 the complementary currencies being experimented in Japan can be considered community currencies with social and environmental aims, however. 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 between different groups organizing community currencies locally and regionally, as well as communication and sharing of best practices beyond Japan. Each activity would need 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 processes. Several examples from Japan do seem to be promoting regional social benefits as well as a focus on strengthening social ties.

3 Discussion and conclusion: ESS and sustainable consumption: divergences and convergences

The social and solidarity-based economy (*économie sociale et solidaire*, ESS) finds its roots in the early period of Western industrialization and therefore precedes environmental awareness, as we know it today. In reaction to the dual trends of neo-liberalization and globalization, ESS has become a growing area of activity in the past two decades, what some researchers are calling a social movement. In a historical overview of this evolution, we note that institutional and ideological differences have lead to different levels of acceptance of ESS on both sides of the Atlantic, and particularly between English speaking countries on one hand, and French, Spanish and Portuguese-speaking countries on the other. This paper does not attempt to provide a comprehensive overview of all ESS activities in the world and while the “social and solidarity” label is more prominent in Latin countries, examples of such activities are just as prolific in North America, if under different names, and are increasing in Asia. One main distinction between Europe and Anglo-Saxon countries is the institutional frameworks under which such activities can operate.

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 – seen as being the foundation for a more resilient system. The link between economy, solidarity and democracy – or how people engage in economic activities, including consumption, in a more democratic manner and towards a shared prosperity – is a growing area of discussion in both ESS and sustainable consumption research circles. ESS has gone a step further, however, in distinguishing itself conceptually from the dominant and un-sustainable economic growth paradigm, particularly by making its social value systems explicit. As David Graeber points out in his study of an anthropological theory of value, “one can no longer even imagine that there could be a single standard of value by which to measure things” (Graeber 2001: xi), and yet neoliberals attempt to praise a global market which is in fact “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” (ibid). The irony, as monetary expert Bernard Lietaer points out, is that the market economy functions as though it were value-neutral, yet money is far from neutral. Sustainable consumption policy-making continues 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 the democratic participation of people above profit.

What we can learn from this brief overview for those interested in 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 societal 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 be scaled up to challenge the dominant un-sustainable macro-economic market economy. In the example of community or complementary currencies (CCs), we have seen how, when such efforts reach a critical scale, they either transform into hybrid activities that include 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*). Many of the small seeds of change may already be taking root (e.g., the diversity of CCs in Japan), yet how such effort might actually achieve environmental and social goals remains to be evaluated. In the 20th century, nation states and multi-national enterprises became the dominant actors; today, half the world’s population lives in cities and city-regions. Initiatives at the local level are therefore not only beautiful, they have the potential for being powerful as local activities will reach a significant percentage of tomorrow’s global population. To conclude with a statement on sustainable consumption by Richard Wilk, “What we need is a secular change in direction, the economic equivalent of climate change” (in Ekström and Glans 2011: 38). Local and regional social and solidarity-based economies certainly seem to be a step in the right direction towards more sustainable forms of consumption, and certain community currencies may be a most useful walking stick.

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